

FOREIGN INVESTMENT GUIDE OF THE PEOPLE'S REPUBLIC OF CHINA

2024 Edition



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

Foreign Investment Guide of the People's Republic of China

2024 Edition



INvest in China

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

Foreword

Opening up is a basic state policy of China. The Third Plenary Session of the 20th Central Committee of the Communist Party of China pointed out that "opening up is a defining feature of Chinese modernization. We must remain committed to the basic state policy of opening to the outside world and continue to promote reform through opening up. Leveraging the strengths of China's enormous market, we will enhance our capacity for opening up while expanding cooperation with other countries and develop new institutions for a higher-standard open economy". China is committed to high-standard opening up and works for an economic globalization that is more open, inclusive, balanced, and beneficial to all.

In the process of building a new development paradigm in China, foreign-invested enterprises play a unique bridging role in connecting domestic and international circulations and optimizing the allocation of resources and factors of production. China has been proactively fostering an enabling market environment in which all enterprises, domestic and foreign, are treated as equals and engaged in fair competition, adopting policies to promote high-standard liberalization and facilitation of trade and investment, and deeply implementing the system of pre-establishment national treatment plus negative lists. With such efforts, China continues to improve its attractiveness to foreign investors. For the past few years, 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 and deepen mutually beneficial international economic and trade cooperation. China has leveraged the strengths of its enormous market, attracted global resources and production factors with our strong domestic economy, amplified the interplay between domestic and international markets and resources, and steadily expanded institutional opening up with regard to rules, regulations, management, and standards. The country has continuously optimized the foreign investment environment, made appropriate reductions to the negative list for foreign investment, and protected the rights and interests of foreign investors in accordance with law. China has also better planned regional opening up, upgraded pilot free trade zones, and worked faster to develop the Hainan Free Trade Port.

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) have compiled and published the *Foreign Investment Guide of the People's Republic of China* every year since 2020, comprehensively introducing the market-oriented, law-based and internationalized business environment of China. The *Foreign Investment Guide of the People's Republic of China (2024 Edition)* has a new structure revised according to the new circumstances and policies, based on the summary of past compilation experience. The main body is composed of seven chapters, namely Meeting China, Ample Investment and Development Opportunities, Remarkable Advantages in Investment Environment, Highly Law-Based Policy Environment, Procedures for Foreign Investment, Working and Living in China as Business Expatriates, and Overview of Provinces (Autonomous Regions and Municipalities), with an attached Directory of Institutions that Handle the Complaints of Foreign-invested Enterprises. The new edition has also updated and supplemented relevant policies and initiatives, various types of data, and administrative procedures. It is worth noting that this Guide is designed to help foreign investors understand the investment environment in China and inquire about relevant policies and measures. It is not intended as the basis for law enforcement or application for policy benefits. Please refer to official documents for policy implementation. Due to the wide scope of materials collected and organized, if there are any omissions, we kindly invite readers to provide valuable feedback and suggestions so that we can make continuous improvements. The Guide will be released in Chinese and English. 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

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.

China is the most populous country in the world. By the end of 2023, China had a total population of 1,409,670,000 (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)¹.

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

1.2 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.

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.

1. 2023 Statistical Communiqué of the People's Republic of China on National Economic and Social Development (https://www.gov.cn/lianbo/bumen/202402/content_6934935.htm)

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.

1.3 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.

The *2024 Report on the Work of the Government* proposed to thoroughly implement the coordinated regional development strategy, major regional strategies, and the functional zoning strategy. We will pursue better coordinated regional development. We will fully leverage the comparative advantages of all regions and encourage them to, based on their defined functions, integrate into and contribute to the creation of a new development pattern. We will thoroughly implement the strategies for the large-scale development of the western region, full revitalization of northeast China, accelerated rise of the central region, and faster modernization of the eastern region. We will boost the capacity of the northeastern, central, and western regions for absorbing relocated industries. We will support regions with advantages in economic development—the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area—in better playing their role as drivers of high-quality development. We will work to ensure the implementation of landmark projects in the Xiong'an New Area. We will continue to promote high-quality development of the Yangtze Economic Belt as well as

ecological conservation and high-quality development in the Yellow River basin. We will support old revolutionary base areas and areas with large ethnic minority populations in accelerating development, strengthen development of border areas, and advance the program for boosting development and raising living standards in border areas. We will improve the layout of major productive forces and bolster the development of China's strategic hinterland. We will formulate an implementation plan for optimizing functional zones and improve relevant supporting policies. We will vigorously develop the marine economy and work to build a strong maritime country.

■ 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 and the Guangzhou-Zhuhai-Macao science and technology innovation corridors) and "two pivots" (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 movement of people, 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; make it easier for 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 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 Lingang 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

Large-scale development of the western region: The strategy of large-scale development of the western region 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, covering an area of 6.85 million square kilometers. China

will implement several major ecological projects in key areas, actively integrate the regional development into the Belt and Road Initiative, strengthen the development of the large opening up corridors, and build multi-level platforms for opening up interior areas. 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 science and technology 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"² and Xizang in building an important passageway opening to South Asia.

Full revitalization of the Northeast: The Northeast China revitalization strategy involves Liaoning Province, Jilin Province, Heilongjiang Province, Hulunbuir 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 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 talents and deepen paired cooperation with the eastern region.

Accelerated 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

² 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.

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 opening up inland provinces.

Faster modernization of East China: 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 service 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

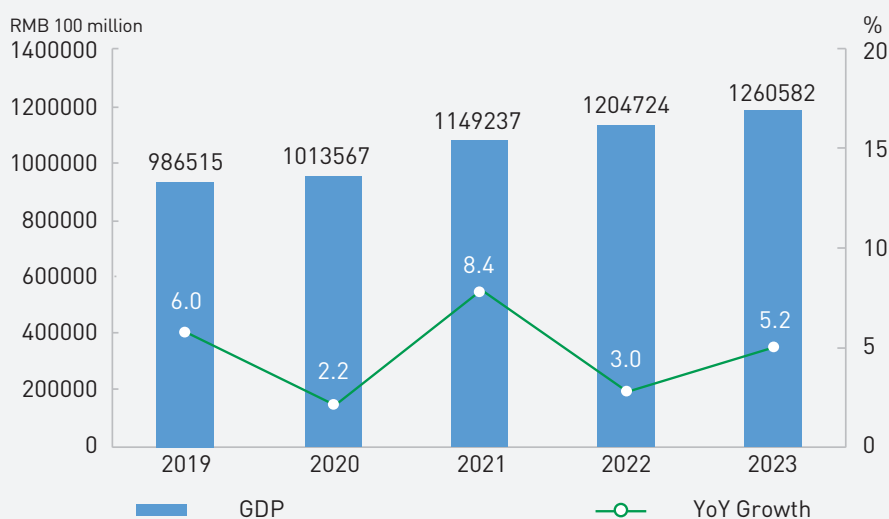
new advantages in opening up, and take the lead in establishing a system for an all-round open economy. China will support Shenzhen in building a pilot demonstration area of socialism with Chinese characteristics, Pudong in building a pioneer area for socialist modernization, and Zhejiang in building a demonstration zone for promoting common prosperity. China will further promote the development of the comprehensive pilot zone to replace old economic growth drivers with new ones in Shandong Province.

1.4 Economic Development

The Chinese economy is making steady progress and continues to provide strong impetus for the world economy. China is an important engine of global development. Over the years, its contribution to world economic growth has stayed at around 30%. As the second largest economy in the world, China has established, after years of development, sound and solid fundamentals.

In 2023, China has achieved economic recovery and growth and made solid progress in high-quality development. China's GDP grew by 5.2% year-on-year to RMB126.0582 trillion, making the Chinese economy the fastest growing among all major economies and fully demonstrating its extraordinary resilience and vitality. The per capita GDP reached RMB89,358, up by 5.4% over the previous year. The gross national income was RMB125.1297 trillion, a rise of 5.6% over the previous year.³

³ Source: 2023 Statistical Communiqué of the People's Republic of China on National Economic and Social Development (https://www.stats.gov.cn/sj/zxfb/202402/t20240228_1947915.html)



China GDP and Growth Rate, 2019-2023

Source: National Bureau of Statistics

International organizations remain upbeat about China's economic development. According to a report by the International Finance Forum (IFF), across countries, China remained the largest source of global growth, contributing about 32%, in 2023. According to the International Monetary Fund (IMF) analysis, China's sustained economic growth generates positive spillover effects for the rest of the world. A 1 percentage point increase in China's GDP growth results in an average of 0.3 percentage point increase in growth for other economies. The *World Economic Outlook Report* released by IMF in July 2024 forecasts China's economic growth rates for 2024 and 2025 to be 5.0% and 4.5%, respectively; The Organization for Economic Cooperation and Development (OECD) released its economic outlook report in May 2024, predicting China's economic growth rates for 2024 and 2025 to be 4.9% and 4.5%, respectively.

1.5 Open Economy

■ Opening up is the Hallmark of Contemporary China

Opening up is a basic state policy of China. Chinese President Xi Jinping has repeatedly stressed that China will not close its door to the world, but only open wider.

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."

On July 11, 2023, the second meeting of the Central Commission for Comprehensively Deepening Reform deliberated and adopted the *Opinions on Establishing New Systems for a Higher-level Open Economy to Build a New Development Paradigm*. The document requires efforts to establish new systems for a higher-level open economy, which is a strategic measure to promote reform and development through opening up. Centering around fostering a new development pattern, institutional

opening up should be the focus when it comes to further reform of systems and mechanisms in such key areas for international exchange and opening up as investment, trade, finance, and innovation, so as to improve supporting policies and measures, and proactively elevate the country's opening up to a higher level. The meeting pointed out that we should improve the top-level design of new systems for an open economy, deepen the reform of the system and mechanism in the field of trade and investment, expand market access, comprehensively optimize the business environment, improve the service guarantee system, give full play to China's comprehensive strengths, and attract global resources with the flow of domestic economy, so as to improve the quality and level of trade and investment cooperation.

The 2023 Central Economic Work Conference highlighted that high-level opening up will be expanded. It will be imperative to foster new drivers of foreign trade, reinforce the stable performance in foreign trade and foreign investment, and expand trade in services, digital trade and exports of cross-border e-commerce. Market access in service industries such as telecommunications and healthcare will be further relaxed, and problems related to issues such as cross-border flow of data and equitable participation in government procurement shall be solved conscientiously in alignment with high-standard international economic and trade rules, so as to continue our efforts to foster a world-class business environment that is market-oriented, law-based, and internationalized, and promote the brand of "Invest in China". Barriers shall be removed to make it easy for foreigners to do business, study and travel in China.

The 2024 *Report on the Work of the Government* pointed out that "we will intensify efforts to attract foreign investment. We will further shorten the negative list for foreign investment. All market access restrictions on foreign investment in manufacturing will be abolished, and market access restrictions in services sectors, such as telecommunications and healthcare, will be reduced. We will expand the *Catalogue of Encouraged Industries for Foreign Investment* and encourage foreign-funded enterprises in China to reinvest in China. We will ensure national treatment for foreign-funded enterprises and see that they can participate in government procurement, bidding, and standard-setting processes in accordance with the law and on an equal footing. Steps will be taken to resolve issues such as cross-border flows of data. We will strengthen services for foreign investors and make China a favored destination for foreign investment. We will make it easier for foreign nationals to work, study, and travel in China and optimize payment services for them. We will keep working to upgrade pilot free trade zones, delegate more decision-making power to free trade zones and the Hainan Free Trade Port, and encourage development zones to engage in reform and break new ground, so as to develop themselves into new pacesetters for opening up."

On July 18, 2024, the Third Plenary Session of the 20th Central Committee of the Communist Party of China adopted the *Resolution of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese Modernization* (hereinafter referred to as the "*Resolution*"). The *Resolution* asked for further reforming the management systems for inward

and outward investment. "We will foster a world-class business environment that is market-oriented, law-based, and internationalized and protect the rights and interests of foreign investors in accordance with the law. We will expand the *Catalogue of Encouraged Industries for Foreign Investment*, appropriately shorten the negative list for foreign investment, remove all market access restrictions in the manufacturing sector, and promote wider opening with regard to telecommunications, the internet, education, culture, medical services, and other sectors in a well-conceived way. We will further reform the institutions and mechanisms for promoting foreign investment, ensure national treatment for foreign-funded enterprises in terms of access to factors of production, license application, standards setting, and government procurement, and support them in collaborating with upstream and downstream enterprises in industrial chains. We will improve relevant measures to make it more convenient for people from outside the mainland to live, receive medical services, and make payments on the mainland."

■ **Scale of International Trade and Investment Rank among the Top in the World**

China has grown into the world's largest trader in goods, the second-largest trader in services, the largest holder of foreign exchange reserves, and the second-largest recipient of foreign capital. China has continuously consolidated its status as a major economy and trading nation, and become a strong pillar for economic globalization. The total value of imports and exports of goods in 2023 reached RMB41.751 trillion, up by 0.2% over the previous year; the total trade in services reached RMB6.5754 trillion, a

rise of 10.0% over the previous year. The number of newly established foreign-invested enterprises reached 53,766 in 2023, representing a growth of 39.7% compared to the previous year. The paid-in foreign direct investment (FDI) amounted to RMB1.1339 trillion, down 8.0%; however, this figure remains the third highest in history, following only 2021 and 2022. A total of 14 provinces achieved positive growth in attracting foreign investment, with higher proportions of investment in high-tech industries and manufacturing. Additionally, non-financial outbound direct investment (ODI) stood at RMB917 billion, a growth of 16.7% from the previous year.

According to the *World Investment Report 2024* released by the United Nations Conference on Trade and Development (UNCTAD), China attracted USD163.253 billion of FDI in 2023, ranking second in the world.

■ Investing in China will Enable Investors to Grow with the Country's Economy

According to the *2023 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 RMB1.7975 trillion. According to the calculation of SAFE, the average return on investments made by foreign companies in China is about 9%, a relatively high level across the globe. According to the *2024 Kearney Foreign Direct Investment Confidence Index (FDICI)* report released by Kearney, a leading global management consulting firm, in April 2024, China's global ranking has risen from seventh to third place and seized the top spot among emerging markets.

2. Ample Investment and Development Opportunities

2.1 Full-fledged Industrial System

2.1.1 Transformation and Upgrade of 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). China has world-leading industrial chain support systems, strong resilience and great potential.

The overall strength and international influence of China's manufacturing industry have gradually improved. Key industries are performing well, with 28 out of the 41 large categories maintaining growth. China ranks first in the world in terms of output for more than 40% of the world's 500 major industrial products. In 2023, China's industrial added value totaled RMB39.9103 trillion, up by 4.2% over the previous year. The value-added output of industries above the designated size expanded by 4.6%. The value-added output of China's high-tech manufacturing industry and equipment manufacturing industry grew by 2.7% and 6.8% year-on-year, accounting for 15.7% and 33.6% 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 103,000 SMEs that specialize in niche sectors, command a high market share and have strong innovative capacity and core technologies, including 12,000 "little giant" firms.

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 27 national manufacturing innovation centers and 2 manufacturing innovation centers co-developed by the central and local governments, accelerated the building of 45 national advanced manufacturing clusters, and supported 245 basic public

service platforms for industrial technology. Its generic technology supply capacity has greatly improved.

China is speeding up the technological transformation and upgrading of traditional industries and intensifying the promotion of intelligent manufacturing. China has 62 "Lighthouse Factories"⁴, accounting for 40% of the global total, ranking first in the world. China has cultivated 421 state-level intelligent manufacturing demonstration factories and over 10,000 provincial-level digital workshops and smart factories. The green and low-carbon transition is steadily promoted, with the green emerging industries gradually rising and the efficiency of comprehensive utilization of industrial resources further improving. The annual utilization of bulk industrial solid waste is expected to exceed 2.2 billion tons. Additionally, efforts are ongoing to enhance the resilience and security of industrial and supply chains, with a coordinated approach to addressing weaknesses and strengthening foundations. Industries such as electronics and software have demonstrated significant resilience in their development.

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.

4. "Lighthouse Factories", selected by the World Economic Forum, are considered by the industry to represent the leading level of intelligent manufacturing and digitization in the global manufacturing field.

2.1.2 Rapid Development of Services Sector

In 2015, for the first time, the services sector contributed over 50% to China's GDP. From 2013 to 2021, the added value of the services sector grew at an average annual rate of 7.4%. In 2023, the added value of the services sector reached RMB68.8238 trillion, expanding by 5.8% over the previous year and accounting for 54.6% of the GDP, 1.2 percentage points higher than that of the previous year. The growth of the services sector contributed 60.2% to economic growth. Within this sector, the growth of value added of information transmission, software, and information technology registered at 11.9%.

2.1.3 Modernizing the Industrial System

The report to the 20th CPC National Congress has made important arrangements for modernizing the industrial system. A modern industrial system is the foundation of the new development paradigm, as orderly links between industries are a prerequisite for smooth economic circulation. Accelerating the development of a modern industrial system is an important measure to enhance the dynamism and reliability of domestic economy while engaging at a higher level in the global economy, which plays a critical role in building a new development paradigm. At the first meeting of the 20th Central Commission for Financial and Economic Affairs held in May 2023, it was stressed that we must grasp the opportunity of the new scientific and technological revolution which involves artificial intelligence among others, adapt to the requirement for harmony between humanity and nature, maintain and strengthen the advantages

of a complete industrial system with strong capabilities of coordination, and effectively accumulate innovation factors worldwide, so as to ensure that the industries are smarter, more eco-friendly, and more integrated, and build a more complete, advanced, safe and modernized industrial system.

In pursuit of boosting China's strength in manufacturing, product quality, aerospace, transportation, cyberspace, digital development, and agriculture, China's modern industrial system consists of the following components. The first is modern industry, which is expected to move the manufacturing sector toward higher-end, smarter, and more eco-friendly production, accelerate the R&D, application, and promotion of cutting-edge technologies such as new energy, artificial intelligence, biomanufacturing, green and low-carbon development, and quantum computing, cultivate industries such as next-generation information technology, artificial intelligence, biotechnology, new energy, new materials, high-end equipment, and environmental protection, improve the capability to ensure the supply of strategic resources, and drive the in-depth integration of the digital economy with the real economy. The second is modern agriculture, which can further advance agricultural modernization and build up China's strength in agriculture. The third is modern services sector, which aims to shape a high-quality and efficient new system, build an efficient and smooth logistics system, and realize further integration of modern services with advanced manufacturing and modern agriculture. The fourth is modern infrastructure, featuring a better layout and structure, more effective functions, and greater system integration.

2.2 Continuous Release of Market Potential

2.2.1 Super-large Consumer Market

China has an enormous market with rapidly unlocked demand and remains the world's second-largest and most promising consumer market. The total population of China has surpassed 1.4 billion, with the world's largest middle-income group of over 400 million. The number is expected to continue growing over the next decade or so. For a growing range of products and services, the focus of consumer demand is shifting from quantity to quality, which will generate strong driving force for upgrading consumption.

In 2023, the per capita disposable income of Chinese residents grew by 6.1%, outpacing GDP growth. The total retail sales of consumer goods reached RMB47.1495 trillion, with a year-on-year increase of 7.2%. The final consumption expenditures drove the GDP to rise by 4.3 percentage points, contributing 82.5% to economic growth, positioning it as the primary driving force of economic expansion. The nationwide per capita consumption expenditure witnessed an increase of 9.2% over the previous year, and a real increase of 9.0% after deducting the price factor. The per capita spending on services accounted for 45.2% of per capita consumption expenditures. The Engel's coefficient (the proportion of total personal consumption expenditures going into food) was 29.8%.

2.2.2 New Consumption Models Drive Market Demand

In recent years, new consumption models characterized by online shopping, mobile payment, and the integration

of online and offline experiences have shown sustained and rapid development in China, placing the country at the forefront of global trends. The Internet, big data, and artificial intelligence have been deeply integrated into the real economy. New business formats like intelligent retail and production capacity sharing keep 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. Products that are green, healthy, and intelligent are increasingly favored by consumers.

In September 2020, the General Office of the State Council issued the *Opinions on Accelerating the Development of New Types of Consumption Led by New Business Formats and Models*, which provided a comprehensive plan for the development of new types of consumption. The *Opinions* stated that by 2025, a number of demonstration cities and leading enterprises for new types of consumption would take shape. The online retail sales of physical goods as a proportion of total retail sales of consumer goods would be significantly increased, and new business formats and models such as "Internet + Services" would be scaled up and reach maturity.

In March 2021, 28 departments and units including the National Development and Reform Commission, jointly issued the *Implementation Plan for Accelerating the Development of New Types of Consumption*. This plan focused on four key areas: promoting the integration of online and offline service consumption, accelerating the development of

infrastructure and improvement of service and support capacity for new types of consumption, strengthening the provision of factors for the development of new types of consumption, and improving the business environment for new types of consumption. It proposed 24 policies and measures, including "cultivating and expanding new retail formats", "actively developing 'Internet + Healthcare'", "deepening the development of digital culture and tourism", "advancing online education in an orderly manner", and "vigorously developing smart sports", etc.

In 2023, the annual online retail sales totaled RMB15.4264 trillion, up by 11.0% from the same period last year on a comparable basis, making China the world's largest online retail market for 11 consecutive years. Among this, the online retail sales of physical goods climbed by 8.4% to RMB13.0174 trillion, contributing 27.6% to the total retail sales of consumer goods.

In March 2024, the State Council issued the *Action Plan to Promote Large-scale Equipment Renewals and Trade-ins of Consumer Goods*, outlining 20 key tasks across five areas. The first is to implement equipment renewals. This includes promoting the renewal and renovation of equipment in key industries, speeding up equipment renewal in the construction and municipal infrastructure sectors, supporting the renewal of transportation equipment and outdated agricultural machinery, and upgrading education, culture, tourism, and medical equipment. The second is to implement trade-ins of consumer goods. This involves the trade-in of automobiles, home appliances, and home decoration products. The third is to implement the recycling action. The plan aims to improve the network for the collection and recycling of waste

products and equipment, support the circulation and trading of second-hand goods, promote orderly remanufacturing and tiered utilization, and encourage high-level resource regeneration. The fourth is to improve standards. This includes accelerating the improvement of energy consumption, emission, and technical standards, intensifying the upgrading of product technical standards, enhancing the supply of standards for resource recycling, and aligning domestic and international standards in key areas. The fifth is to strengthen policy support. The plan emphasizes increasing fiscal policy support, improving tax policies, optimizing financial support, strengthening production factor guarantee, and enhancing innovation backing. The promotion of large-scale equipment renewals and trade-ins of consumer goods will significantly boost investment and consumption, and the policy support applies equally to both domestic and foreign enterprises.

On July 24, 2024, the National Development and Reform Commission and the Ministry of Finance issued the *Several Measures to Intensify Support for Large-Scale Equipment Renewals and Trade-ins of Consumer Goods*. In terms of increasing support for equipment renewals, the measures include optimizing the support methods for equipment renewal projects; supporting the scrapping and renewal of old operating ships; supporting the scrapping and renewal of outmoded operating trucks; raising the subsidies for the scrapping and renewal of agricultural machinery; raising the subsidies for the renewal for new energy buses and power batteries; and increasing the proportion of financial subsidies for equipment renewal loans. Regarding strengthening support for trade-ins of consumer goods,

the measures include supporting local areas in enhancing their capacity for consumer goods trade-ins; raising the subsidies for the scrapping and renewal of automobiles; supporting the trade-ins of home appliances; and implementing funding support policies for the collection and disposal of discarded electrical and electronic products.

2.2.3 New-type Urbanization Releases Greater Market Potential

China has experienced the largest and fastest urbanization process in world history. In recent years, important progress has been made in China's new-type urbanization. China's urbanization rate of permanent residents stood at 66.16% by the end of 2023, 0.94 percentage points higher than that at the end of the previous year.

Domestically, there is still significant potential for urbanization in the central and western regions of China, as there remains a considerable gap between the urbanization of registered residents and that of the permanent population. Therefore, there is substantial room for improvement in China's overall urbanization rate. Internationally, China's urbanization rate is now more than 10 percentage points lower than the average level of the developed countries. There is much room for infrastructural upgrading in urban renewal, transportation and telecommunications, among others. There are also some 300 million rural migrants who are acquiring permanent urban residency at a faster pace. These will create massive demand in areas such as housing, education, medical services and elderly care.

According to internationally recognized trends, the rapid development

range of urbanization is between 30% and 70%. China's urbanization rate is still within this range, suggesting that the foundation for rapid urbanization growth remains solid. Preliminary estimates indicate that for every 1 percentage point increase in the urbanization rate, it can stimulate approximately RMB1 trillion new investment demand. China's in-depth implementation of the new-type urbanization strategy will continue to unleash huge domestic demand potential.

2.3 "Peak Carbon and Carbon Neutrality" Goals Offer Investment Opportunities

2.3.1 "Peak Carbon and Carbon Neutrality" Goals, Policies, and Measures

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."

On September 22, 2021, the *Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy*⁵ 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 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* (the "Plan" for short)⁶. 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

5 http://www.gov.cn/zhengce/2021-10/24/content_5644613.htm

6 http://www.gov.cn/zhengce/content/2021-10/26/content_5644984.htm

carbon dioxide emissions in a gradient and orderly manner. China has also made plans for international cooperation and policy support.

The report to the 20th CPC National Congress pointed out the need to work 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 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 and increase the carbon sink capacity of ecosystems. The carbon absorption capacity of ecosystems will be boosted. We will get actively involved in

global governance in response to climate change.

In the pursuit of the "peak carbon and carbon neutrality" goals, China has been adjusting and optimizing its industrial structure. The country has revised and issued the *Guidance Catalogue for Industries on Green and Low-Carbon Transition (2024 Edition)*, advanced initiatives to reach peak carbon emissions in a well-planned and phased way, and guided all sectors of society to better support the development of green industries, thereby accumulating new impetus for the green transition of economic and social development. The National Development and Reform Commission, together with the MIIT and other departments, has formulated and introduced implementation plans for peaking carbon dioxide emissions in key industries such as steel, non-ferrous metals, petrochemicals, and building materials. Various regions have also successively released their own plans for peaking carbon dioxide emissions in local key industries. Additionally, associations, such as the China Iron and Steel Association, have published roadmaps for peaking carbon dioxide emissions in related industries.

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 2023, more than 212 million tons of allowances changed hands in total, with the total trading volume reaching RMB14.44 billion.

To give full play to the leading and regulatory role of standards in steering industries towards the carbon peak and carbon neutrality goals, 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*⁷, requiring the drafters to coordinate standard formulation and technological innovation, testing, application, and promotion.

To ensure science and technology better support the 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 June 24, 2022. The *Action Plan* proposed the scientific and technological innovation actions and support measures to achieve 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.

The MIIT plans to center on forging new green competitive advantages for industries to create a group of green manufacturing models. Relevant efforts will focus on the following three aspects. First, accelerating the green and low-carbon transition and upgrading of traditional industries. The Ministry will effectively implement supporting policies such as large-scale equipment renewals and trade-ins of consumer goods, guide enterprises, industrial parks, and key industries to comprehensively carry out a new round of green and low-carbon technological transformation and upgrading, and work faster to optimize and adjust product structure, energy consumption structure, and raw material structure and catalyze process flow reengineering in traditional industries, thereby enhancing industrial competitiveness. Second, promoting the green, low-carbon development of emerging industries at a high level. The Ministry will encourage the expansion of green energy utilization in information technology facilities such as data centers and communication base stations; speed up the comprehensive utilization of waste power batteries, PV modules, wind turbine blades, and other new solid waste. Focusing on the energy revolution and industrial transformation demands under the "peak carbon and carbon neutrality" goals, it will plan the development of future-oriented industries such as hydrogen energy, energy storage, biomanufacturing, and carbon capture, utilization, and storage. Third, cultivating new business formats featuring green

7 https://www.miit.gov.cn/jgsj/kjs/wjfb/art/2021/art_ce056a1a183e42f1be837ee3d4c81dd5.html

integration in manufacturing. The Ministry will vigorously drive the deep integration of digitization with greening, the modern services sector with the green manufacturing industry, and green consumption demand with green product supply. This approach aims to nurture new business formats and foster new momentum for growth.

To strengthen financial support for carbon peak and carbon neutrality, the People's Bank of China, along with six other ministries and commissions, issued the *Guiding Opinions on Further Strengthening Financial Support for Green and Low-Carbon Development* on March 27, 2024.

2.3.2 Low-carbon Transition Achievements and Investment Opportunities

China has made a major strategic decision to peak carbon dioxide emissions and achieve carbon neutrality, further promoted the green and low-carbon transition, and accelerated the formation of green production modes and lifestyles, thus injecting strong impetus into the global response to climate change.

China is proactively building a clean, low-carbon, safe, and efficient energy system, and continuously upgrading the energy consumption structure. Preliminary statistics show that the proportion of non-fossil energy in total energy consumption in 2023 increased by 0.2 percentage points compared to the previous year. By the end of 2023, China's installed capacity of renewable energy power generation accounted for more than half of its total installed capacity, which historically exceeded that of thermal power. The output of green, low-carbon products is also growing rapidly. In 2023, both the production and sales

volumes of new energy vehicles ranked first in the world.

In terms of green manufacturing, China's exemplary and leading role is increasingly evident. A total of 5,095 green factories, 371 green industrial parks, and 605 green supply chain management enterprises have been established at the national level in China, along with over 500 specialized service institutions for green manufacturing. In terms of energy and resource utilization, the energy efficiency of products has been significantly improved. Industries such as steel, primary aluminum, and cement clinker have made substantial improvements in energy efficiency per unit of product, while the energy consumption structure continues to optimize. A number of typical application scenarios and cases of industrial green microgrids have been promoted in key industries and sectors such as steel and petrochemicals. In terms of product structure, the green supply capacity has been continuously enhanced. The proportion of advanced manufacturing continues to increase, and the supply of green equipment and products is further enhanced.

In terms of new driver cultivation, the planning and development of future-oriented industries are accelerated. In the industrial sector, application scenarios of hydrogen energy and new energy storage continue to expand. China's first 10,000-tonne-level green hydrogen production project has been completed and put into operation, and the first 100-million-ton-level hydrogen-based shaft furnace in the steel industry is up and running.

China's "peak carbon and carbon neutrality" strategy presents numerous investment opportunities. First, China

put forward the "peak carbon and carbon neutrality" goals and promoted the low-carbon transition in 2020 when per capita GDP just exceeded USD10,000. Compared with developed countries, which advanced such transition at a per capita GDP of USD30,000 or higher, China will incur lower costs for the production and operation of traditional non-green products. Many products in China that have not yet reached their peak demand can be directly replaced by green products. Second, China does not start from scratch in the field of green technologies and industries, and the gap with developed countries is not significant. Especially in fields such as new energy vehicles, PV power generation, wind power, energy storage, green hydrogen, and digital technology, China is at a comparable level or even ahead of developed countries. China now has close to half of the world's installed photovoltaic capacity. Over half of the world's new energy vehicles run on roads in China. China contributes one-fourth of increased area of afforestation in the world. China is also cultivating large-scale new growth drivers in sectors such as green infrastructure, green energy, green transportation and green lifestyle. This will generate investment and consumption markets with an estimated size of RMB10 trillion annually, and promises huge potential. Third, there is enormous growth potential for the demand for green products in China. With its population remaining among the largest in the world and the country's economy expected to continue growing at a high pace, there is ample market demand for the innovation and promotion of green products, making it easier for companies to develop business models and achieve economies of scale.

2.4 New Quality Productive Forces Unlock Investment Potential

2.4.1 Connotation of New Quality Productive Forces

In recent years, promoting high-quality development has become the main theme of China's economic and social growth, while new quality productive forces have emerged in practice and played a significant role in driving and supporting high-quality development. The concept of "new quality productive forces" was officially introduced in September 2023. In a nutshell, the new quality productive forces are primarily driven by innovation, and break free from traditional economic growth modes and productivity development paths; they feature high technology, high performance, and high quality; they are advanced productivity in line with the new development philosophy. They are shaped by revolutionary technological breakthroughs, innovative allocation of production factors, and in-depth industrial transformation and upgrading, and the optimal combination of laborers, means of labor, and subjects of labor as well as their renewal and upgrading. A substantial increase in total factor productivity is its core hallmark. Marked by innovation, and with high quality as the key, new quality productive forces are advanced productivity in essence.

2.4.2 New Quality Productive Forces Created Investment Opportunities

The 2024 *Report on the Work of the Government* proposed to "strive to modernize the industrial system and develop new quality productive forces at a

faster pace. We should give full rein to the leading role of innovation, spur industrial innovation by making innovations in science and technology and press ahead with new industrialization, so as to raise total factor productivity, steadily foster new growth drivers and strengths, and promote a new leap forward in the productive forces."

For foreign-invested enterprises, China's focus on developing new quality productive forces signifies new investment and development opportunities:

The first is to work to upgrade industrial and supply chains. An initiative for pursuing high-quality development of key manufacturing chains, with a focus on shoring up weak links, reinforcing strengths, and fostering new capabilities, so as to enhance the resilience and competitiveness of industrial and supply chains. We will carry out technology transformation and upgrading in the manufacturing sector, foster and build up advanced manufacturing clusters, and develop national demonstration zones for new industrialization to make traditional industries higher-end, smarter, and more eco-friendly. Modern producer services will be developed at a faster pace.

The second is to actively foster emerging industries and future-oriented industries. We will launch industrial innovation projects, improve the industrial ecosystem, expand application of innovations, and promote integrated and clustered development of strategic emerging industries. We will consolidate and enhance our leading position in industries such as intelligent connected new-energy vehicles, step up development of hydrogen power, new materials, innovative drugs and other cutting-edge sectors, and foster new growth engines in fields such as biomanufacturing,

commercial spaceflight, and the low-altitude economy. We will formulate development plans for the industries of the future, open up new fields such as quantum technology and life sciences, and create a number of zones for pioneering the development of future-oriented industries. We will encourage the development of venture capital and equity investment and improve the functions of industrial investment funds.

The third is to promote innovative development of the digital economy. We will formulate policies to support high-quality development of the digital economy. We will actively develop the digital industry, transform traditional industries with digital technologies, and fully integrate digital technology into the real economy. We will step up R&D and application of big data and AI, launch an AI Plus initiative, and build digital industrial clusters with international competitiveness. We will work to digitalize the manufacturing sector and fast-track the large-scale application of the Industrial Internet. We will also promote the digitalization of the service sector, build smart cities and digital villages, and launch SME digital empowerment initiatives.

3. Remarkable Advantages in Investment Environment

3.1 Prominent Advantages of Factor Endowments

3.1.1 Increased Talent Dividend

■ Human Capital Stock Shows Significant Advantages

China's demographic dividend is turning into talent dividend. Quantitatively speaking, at present and for some time to come, a large population remains China's basic national condition. It is still a developing country with a massive population and labor force. Data show that China has nearly 900 million people in the labor force aged between 16 and 59, ranking first in the world. In terms of structure, the number of the older labor force has decreased while that of the younger labor force has shown steady growth. The population quality is steadily improving, with the average years of education for the working-age population reaching 11.05 years and for new entrants to the labor market 14 years. China ranks first globally in total talent resources, scientific and technological human resources, and R&D personnel, making it a country with the largest scale and most complete categories of talent resources in the world.

■ Labor Force Educational Levels Continue to Improve

China has continuously invested in the development, with professional, technical human resources continuously growing. By the end of 2023, about 40 million people across the country had obtained various professional qualification

certificates. The training efforts for high-skilled talent have been intensified. As of September 2023, the total number of skilled workers in China exceeded 200 million, accounting for over 27% of the total employed population, with more than 60 million high-skilled professionals. As of June 2024, a total of 1,176 national high-skilled talent training bases and 1,475 national skill master studios have been established nationwide. In 2023, over 30,000 employers and social training evaluation organizations nationwide were selected to conduct vocational skill level certification, with more than 12 million individuals obtaining vocational level and vocational skill certificates throughout the year. By the end of 2023, there were 2,468 technical schools nationwide, with over 4.395 million students. Various types of technical and skilled talent are actively engaged in frontline production and innovation, becoming an important force driving high-quality development.

■ Human Resource Services Gradually Improved

In recent years, the policy framework for human resource services has been upgrading. 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 2021, five departments and commissions, including the Ministry of Human Resources and Social Security, jointly printed and

distributed the *Opinions on Promoting High-Quality Development of the Human Resource Service Industry in the New Era*. In 2022, the Ministry of Human Resources and Social Security formulated the *Notice on Implementing the Action Plan for Promoting Innovation and Growth of the Human Resource Services Industry (2023-2025)*.

The human resources market has been improving. By the end of 2022, there were 63,000 human resource service organizations of various types across the country. In 2022, these organizations held 270,000 on-site job fairs and published 930 million recruitment postings online, along with 960 million job-seeking information entries. The entire industry provided 310 million laborers with human resource services to help them find a job, decide on their future careers, or change jobs.

Human resource services for foreign talent have been progressing. Creating a good policy atmosphere for foreign talents that work in China is an important part of China's international talent strategy. Since August 1, 2019, China has implemented 12 preferential policies 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.

3.1.2 Ample Capital

During the more than 40 years of reform and opening up, capital, together with other production factors like land, labor, technology and data, has contributed to the prosperity and development of our socialist market economy. Since the 18th CPC National Congress, the principle of "unswervingly consolidating and developing the public sector and unswervingly encouraging, supporting, and guiding the development of the non-public sector"⁸ has been included in the basic policy of upholding and developing socialism with Chinese characteristics in the new era, and established as a part of the major principles and policies of the Party and the state. It emphasizes the need to let the market play the decisive role

⁸ We will unswervingly consolidate and develop the public sector and unswervingly encourage, support, and guide the development of the non-public sector. We will ensure that economic entities under all forms of ownership have equal access to factors of production in accordance with the law, compete in the market on an equal footing, and are protected by the law as equals.

in the allocation of resources and the government better fulfill its role, create a more favorable market and legal environment for the development of all types of capital, and stimulate the vitality of capital of all types, including non-public capital.

At present, capital in China comes in various forms, such as state-owned, collective, private, foreign and mixed-ownership capital, which is witnessing significant expansion in scale, further diversification in ownership, faster pace of operation and massive inflows of international capital. Capital shortage is replaced by abundance. Our global share of annual capital formation has risen to about 30%. In 2023, gross capital formation contributed to 28.9% of economic growth, driving GDP growth by 1.5 percentage points.

3.1.3 Abundant Data

China's substantial data output and rich data resources position it as the world's second-largest data repository. China has thoroughly implemented the national cyber development strategy and national big data strategy, and rolled out the *Outline of Digital Economy Development Strategy and the 14th Five-Year Plan for Development of Digital Economy*. It has accelerated efforts to promote industrial digitization and digital industrialization and boost the digital economy. The scale of China's digital economy has surpassed RMB50 trillion, ranking second globally in total volume, with its proportion of GDP rising to 41.5%. The digital economy has become an important engine to stabilize growth and promote transformation.

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.

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 and initially established an industrial Internet security technology monitoring service system characterized by three-level (national, provincial and corporate) collaboration. In 2022, the number of standard racks in use in China's data centers exceeded 6.5 million units, ranking second in the world in terms of total computing power. The numerical control rate of key processes and the penetration rate of digital R&D and design tools in major Chinese

enterprises reached 58.6% and 77% respectively.

The 2024 *Report on the Work of the Government* proposed to "promote innovative development of the digital economy", outlining comprehensive plans covering building digital industrial clusters with international competitiveness, vigorously promoting the development, openness, distribution, and utilization of data, and working faster to create a nationally unified computing system.

In January 2024, 17 departments, including the National Data Administration jointly issued the "*Data Elements x*" *Three-year Action Plan (2024-2026)*, which selects 12 industries and sectors such as industrial manufacturing, modern agriculture, commerce and trade, transportation, financial services, scientific and technological innovation, culture and tourism, healthcare, emergency management, meteorological services, urban governance, green and low-carbon development to promote the multiplier effect and unlock the value of data factors.

3.1.4 Gathering of Production Factors and Resources

China has a significant advantage in the gathering of production factors and resources, housing the largest number of megacities and urban populations in the world. The large-scale concentration of population and industries in metropolitan areas and urban clusters has become an important contributor to regional labor productivity and a new driving force for China's economic development. There is a noticeable positive correlation between population density, employment density, and output efficiency. China's Yangtze River Delta, Beijing-Tianjin-Hebei Region, Guangdong-Hong Kong-Macao Greater

Bay Area, and Chengdu-Chongqing region are not only characterized by high population density, but also represent important innovation clusters, serving as key engines of economic growth.

Clustering is an important feature of China's industrial development, which has strongly boosted high-quality economic development. Currently, China has 45 advanced manufacturing clusters, involving multiple fields such as new-generation information technology, high-end equipment, consumer goods, new energy, and intelligent connected vehicles. They are key forces to drive the innovative development of priority sectors, concentrated in the Beijing-Tianjin-Hebei Region, the Yangtze River Delta, the Pearl River Delta, the Chengdu-Chongqing region, and other key regions, and function as vital engines for regional economic development. Additionally, there are 200 state-level distinctive industrial clusters of SMEs, which are characterized by a remarkable aggregation of high-quality SMEs, a significant role in strengthening and complementing industrial and supply chains, and a strong impact on local economic development.

An increasing number of Chinese cities are proactively encouraging the synergy of industrial, talent, innovation, and financial chains. With the industrial chain as the main line, these cities are continuously strengthening, complementing, and extending the chains to fully leverage the effects of industrial clusters. This approach allows high-quality projects to gather and gain momentum, accelerating their integration into global industrial chains. The strong industrial supporting capabilities are a key reason for attracting foreign investment into China.

3.2 World-leading Innovation

3.2.1 Important Policies for Technological Innovation

In recent years, China has revised the *Law of the People's Republic of China on Progress of Science and Technology* and other laws and regulations and 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. 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*, the *New-generation Artificial Intelligence Development Plan*, the *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 convergence 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.

To enable all sectors of society to understand the preferential tax and fee policies for scientific and technological innovation better, facilitate easy access to policy inquiries, ensure accurate application and enjoyment of these policies, and allow innovators of all types to benefit from policies directly, accurately and efficiently, the Ministry of Finance, in collaboration with the Ministry of Science and Technology, the General Administration of Customs, the State Taxation Administration, and other departments, has systematically reviewed the current main tax and fee policies supporting scientific and technological innovation, collected and organized the regulations for tax collection and administration and measures for industry management, and compiled the *Guidelines on Major Preferential Tax and Fee Policies for Scientific and Technological Innovation in China*. The *Guidelines* classifies policies based on the stages of scientific and technological innovation activities, including venture capital investment, research and experimental development, achievement commercialization, key industry development, and the entire industrial chain. It outlines in detail the type of each incentive, the types of taxes and fees involved, the content of the incentives, the beneficiaries, application conditions, application timelines, submission methods, required materials, and the policy basis.

3.2.2 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 nationwide R&D spending and first in the total number of R&D personnel. In 2023, China invested a total of RMB3,327.8 billion in R&D, an increase of 8.1% over the previous year; the ratio of R&D expenditure to the GDP reached 2.64%. Basic research funding amounted to RMB221.2 billion, representing a growth of 9.3% compared to the previous year and accounting for 6.65% of the total R&D expenditure. A total of 52,500 projects were financed by the National Natural Science Foundation.

3.2.3 Human Resources for Science & Technology Development Continuing to Grow

According to the *China Science and Technology Talent Development Report (2022)*, China ranked first in the full-time equivalent (FTE) of R&D personnel as the figure rose from 3.247 million in 2012 to 6.354 million in 2022. A talent support system conducive to the development of new quality productive forces has taken shape.

3.2.4 Scientific Research Institutes with Growing International Influence

According to the Nature Index 2023 Annual Tables, 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 the Nature Index, the Chinese Academy of Sciences (CAS) has taken the top spot for 11 consecutive years.

3.2.5 Scientific and Technological Innovation Keep Improving

With joint efforts of the government at all levels and the entire society, business entities have become more active and dynamic, leading to continuous progress in terms of innovation and entrepreneurship.

According to the *Global Innovation Index 2023 ("GII 2023")* report released by the World Intellectual Property Organization (WIPO) in September 2023, China ranked 12th and remained the only middle-income economy in the GI top 30. Among the top 100 clusters, China, with 24 clusters, has become the country with the highest number of clusters for the first time. Among them, the Shenzhen-Hong Kong-Guangzhou cluster, Beijing cluster, and Shanghai-Suzhou cluster ranked 2nd, 4th, and 5th, respectively.

■ More Active Intellectual Property Innovation and Creation

According to the *Statistical Communiqué of the People's Republic of China on the 2023 National Economic and Social Development*, a total of 921,000 invention patents were granted in 2023, an increase of 15.3% over the previous year, while about 74,000 international patent applications were accepted via the Patent Cooperation Treaty (PCT). The number of valid invention patents in China had exceeded 4.991 million by the end of 2023, up 18.5% from the end of the previous year. The number of high-value invention patents reached 11.8 per 10,000 people. There

were 4.383 million trademarks registered throughout the year. The proportion of Chinese citizens with scientific literacy reached 14.14%.

According to a report released by the World Intellectual Property Organization (WIPO), in 2023, the total number of international patent applications under the PCT worldwide was 272,600, and China remained the top origin of PCT applications, with the number reaching 69,610.

■ 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, built service platforms, and improved the system for reporting and sharing information on achievements in science and technology, creating a favorable institutional environment. By the end of 2023, there were altogether 207 national engineering research centers included in the new sequence management and 1,798 state-level enterprise technology centers. 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.

On October 17, 2023, the General Office of the State Council issued the *Special Action Plan for Patent Transformation and Application (2023-2025)*, which outlines specific measures to vigorously promote patent industrialization and catalyze the transformation of innovation achievements into productive forces. The *Plan* proposed that as of 2025, a raft of high-value patents will realize commercialization; a slew of enterprises potent in hardcore technology and loaded with solid patents can grow big and strong; IP edge in some key sectors may materialize at speed; and the output

of certified patent-intensive products will exceed RMB1 trillion. The *Plan* aims to address the quality issues at their source, spur the motivation of relevant actors, and expand market channels in patent commercialization and application through a three-year special action program. By upgrading patent quality and reinforcing policy incentives, the *Plan* seeks to effectively improve the effectiveness of patent commercialization and application, thereby contributing to high-quality economic development.

■ Gradually Improving Business Incubation

According to 2021 figures, 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. Altogether, 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 2023, there were 1,606 state-level technology business incubators and 2,376 nationally registered maker spaces.

3.3 Sound Infrastructure

3.3.1 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. Focusing on serving and supporting the modern industrial system construction, it will work faster to build a sustainable transportation system that is safe, convenient, efficient, green, economical, inclusive, and resilient. Efforts are being made to invigorate the sector, mitigate risks, stabilize expectations, ensure smooth operations, reduce costs, and enhance quality and efficiency. The goal is to expedite the construction of a strong transportation nation and significantly improve the capacity and connectivity 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 2023, China's total railway mileage had grown to 159,000 kilometers, including 45,000 kilometers of high-speed railway, with an electrification rate of 75.2%. Compared with 2012, the passenger trips handled by China's railway networks increased by 103.6%, the railway cargo delivery volume rose by 28.2%, and the total cargo turnover climbed by 31.2%. 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. By the end of 2023, the figure reached 45,000 kilometers.

(2) Highways. By the end of 2023, the total mileage of highways in China had reached nearly 5.44 million kilometers and the density 56.63 kilometers per

100 square kilometers. The mileage of expressways had reached 184,000 kilometers. In 2023, the country's road network facilitated approximately 56.56 billion passenger trips, up 26.1% year on year. 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 2023, China's inland waterway had the mileage of 128,000 kilometers with 68,000 kilometers of classified waterways and 17,000 kilometers of high-grade waterways; the ports owned 22,023 productive wharf berths, including 2,878 berths with a handling capacity of 10,000 tons and above. China has established sea transport routes with more than 100 countries and regions, covering all coastal countries and regions along the Belt and Road. The service network is continuously improving, and China's sea transportation connectivity is globally leading.

■ Aviation Network

By the end of 2023, there were 259 transportation airports in China (excluding Hong Kong, Macao, and Taiwan). China's airports saw passenger throughput reaching 1,259.766 million (some passengers flew more than once; the same below), a spike of 142.2% year on year. The cargo throughput reached 16.833 million tons, up 15.8% over the previous year. The airports completed 11,708,000 flights, an increase of 63.7% over the previous year. There were 38 transportation airports with an annual passenger throughput of more than 10 million, representing a net increase of 20 compared to the previous

year, 36 transportation airports with an annual passenger throughput of 2-10 million, an increase of 6 from the previous year, and 63 transportation airports with an annual cargo and mail throughput of more than 10,000 tons, a rise of 12 compared to the previous year.

As of the end of 2023, China's regular international passenger flights had been restored to 4,782 flights per week (counting each round trip as one flight). Among these, Chinese airlines operated 3,223.5 flights, accounting for 67%, while foreign airlines operated 1,558.5 flights, accounting for 33%. The international passenger flights link China with 67 countries, with flight numbers to 25 countries, including the UK, exceeding the pre-COVID-19 pandemic level.

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.

3.3.2 Stable and Sufficient Energy Supply

In 2023, 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. 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 2023, the installed capacity of power generation across China was 2.91965 billion kilowatts, a year-on-year increase of 13.9%. Specifically, the installed capacity of thermal power amounted to 1.39032 billion kilowatts, up by 4.1%, that of hydropower totaled 421.54 million kilowatts, a rise of 1.8%, that of nuclear power was 56.91 million kilowatts, an increase of 2.4%, that of grid-connected wind power reached 441.34 million kilowatts, expanding by 20.7%, and that of grid-connected solar power stood at 609.49 million kilowatts, climbing by 55.2%.

■ Stable Water Supply

In 2023, the water resources across China totaled 2,578.25 billion cubic meters; the water supply reached 590.65 billion cubic meters, accounting for 22.9% of the total water resources.

■ Stable Gas Market

In 2023, China generated 232.43 billion cubic meters of gas, a year-on-year increase of 5.6%, marking the seventh 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.

3.3.3 Expanding New Infrastructure

New infrastructure refers to an infrastructure system guided by the

new development philosophy, driven by technological innovation, based on information networks, and oriented to the needs of high-quality development. It provides services such as digital transformation, intelligent upgrading, and integrated innovation and includes three categories, namely information infrastructure, integrated infrastructure, and innovation infrastructure. In recent years, the construction of new infrastructure represented by 5G, artificial intelligence, data centers, and industrial Internet has shown a good momentum of development. New infrastructure is being deeply embedded in and empowering the high-quality development of China's economy and society. Currently, China has achieved initial results in its new infrastructure construction efforts.

The information infrastructure is being upgraded rapidly. In terms of network facilities, efforts have been made to achieve "5G access in every county and broadband access in every village". The application of next-generation Internet technology is accelerating, and the network scale and application level lead the world. Regarding computing power facilities, the layout of artificial intelligence infrastructure is advancing quickly, with data centers having 5.9 million standard racks. The construction of an integrated national big data system is also speeding up and eight national computing hubs initiated. In terms of space infrastructure, a national civil space infrastructure system, mainly composed of the satellite remote sensing system, the satellite communications and broadcasting ground system, and the BeiDou Navigation Satellite System, has taken the initial shape, with continuous and stable operational service capabilities.

The integrated infrastructure is under faster planning. Smart facilities are

penetrating various industries. A three-dimensional intelligent transportation system is being constructed at an accelerated pace, with emerging new transportation forms such as unmanned terminals and autonomous driving. Over 99% of airports have offered "paperless travel" services. The intelligent energy dispatch system and the intelligent routing inspection system have significantly enhanced the energy supply efficiency and the safety level. A national industrial Internet network, platform, security, and identification resolution system has been essentially established. Furthermore, facilities for people's well-being such as e-commerce, telehealth, and online education are being constructed at a faster rate.

The innovation infrastructure is being optimized rapidly. China has developed a relatively complete system of major scientific and technological infrastructure. Of the 77 national major scientific and technological infrastructure projects planned for construction, 32 have been completed and put into operation, with some facilities ranking among the top in the world.

3.4 Improving Business Environment

3.4.1 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 prominent short links in China's business environment and the pressing pain points, choke points and other issues and challenges strongly voiced by business entities. By benchmarking against international advanced standards, the regulation makes corresponding provision for institutional improvement.

3.4.2 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 will not approve and ratify relevant matters, or go through relevant procedures. For areas with license

requirement, 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 encouraged 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).

- 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 24 basic service functions including online cargo declaration, manifest declaration, transportation facilities, regulatory documents, certificates of origin, import quotas, administrative review and approval, enterprise qualification,

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), SCO economic and trade services, and Greater Bay Area cross-border pass. It provides 889 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 2023, the platform had witnessed 8.15 million registered users, with over 26 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. Cutting Tax Rates and Fees

In recent years, the Chinese government has been continuously implementing tax refunds and tax and fee cuts. These policies have provided strong support to alleviate the burden on business entities and maintained 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, efforts were strengthened to support small and micro enterprises, the manufacturing sector, and scientific and technological innovation. Additionally, there was a structured adjustment and orderly exit of temporary policies introduced during the pandemic; the accumulated tax and fee cuts reached about RMB1.1 trillion. In 2022, a new package of tax-and-fee policies and 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 tax and fee deferrals topped RMB4.2 trillion, effectively alleviating the operating pressure on enterprises. In 2023, the total amount of tax refunds, tax and fee cuts, and fee deferrals across the country exceeded RMB2.2 trillion, with significant benefits observed for the manufacturing sector and micro, small, and medium enterprises.

3.4.3 Accelerating the Construction of a Unified National Market

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 released. 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 operations and scale expansion of the domestic market, to accelerate the creation of a consistent,

fair, transparent, and predictable business environment, to further reduce market transaction costs, to promote technological innovation and industrial upgrading, and to cultivate new edges for 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.

Building a unified national market can be simply summarized as "five unifications" and "one removal". This involves ensuring the underlying institutions and rules, market facilities, sub-markets of factors and resources as well as goods and services, and market regulation are unified while removing local protectionism, to build a super-large market that is highly efficient, rules-based, fair, and open.

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 review and remove 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. In 2023, regions and departments revised or abolished 17,600 policies and measures that impeded the development of a unified market and fair competition while effectively preventing the introduction of policies and measures that would exclude or restrict competition. Significant progress has been made in addressing prominent issues related to local protectionism and market segmentation. Key tasks aimed at facilitating efficient market connectivity have shown results, and reforms in key areas have been stepped up with positive progress. In general, accelerating the construction of a unified national market has played a positive role in promoting domestic circulation, stimulating market vitality, reducing transaction costs, unleashing domestic demand potential, and consolidating the foundation for economic recovery and growth.

The *Resolution of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese Modernization*, adopted on July 18, 2024, pointed out that a unified national market should be built. We will work to see that the underlying institutions and rules of the market are unified, that market regulation is exercised in an impartial and unified manner, and that connectivity between market facilities is built to high standards. We will enhance the binding force of fair competition review, take stronger action against monopolies and unfair competition, and review and abolish regulations and practices that impede the development of a unified national market

and fair competition. We will bring local regulations and institutions for attracting investment under regulation and strictly prohibit policy incentives in breach of laws and regulations. We will establish sound, unified, and well-regulated public resource trading platforms that facilitate information sharing. Such platforms will cover public bidding as well as procurement by the government, public institutions, and SOEs and ensure full transparency throughout the project management process. Overall market regulation capabilities will be enhanced. We will refine the national system of standards and deepen reform of local systems for standards management.

3.4.4 Promoting Market-Based Allocation of Production Factors

On April 9, 2020, the *Opinions of the Central Committee of the Communist Party of China and the State Council on Building an Improved System and Mechanism for Market-based Allocation of Production Factors* was released. It called for removing institutional and mechanistic barriers that hinder the free flow of factors, expanding the scope of market-based allocation of production factors, improving the factor market system, and promoting institutional development in factor markets. The goal is to achieve market-determined factor prices, autonomous and orderly flow of factors, and efficient and fair allocation. Specific requirements were outlined for promoting the market-oriented allocation of land, guiding the rational, smooth, and orderly flow of workforces, advancing the market-oriented allocation of capital factors, accelerating the development of factor markets of technology and data, speeding up the reform of market-oriented pricing

mechanisms, improving the operational mechanisms of factor markets, and ensuring organizational support.

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 create synergy among 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.

3.4.5 Lowering 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* outlines key tasks in five aspects: first, to further eliminate hidden barriers to market access and lower the costs of market access; second, to regulate fees related to enterprises and ease the burden on market entities; third, to further optimize services for 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 standardize the administrative power and effectively stabilize market entities' expectations on policies.

3.4.6 Further Optimizing the Foreign Investment Environment

On July 25, 2023, the State Council issued the *Opinions on Further Optimizing the Foreign Investment Environment and Intensifying Efforts to Attract Foreign Investment*. The document put forward 24 specific measures in six areas, including improving the quality of foreign capital utilization, ensuring the

national treatment for foreign-invested enterprises, continuously strengthening the protection of foreign investment, facilitating investment and operation, increasing fiscal and tax support, and refining methods for promoting foreign investment. As of May 2024, more than 60% of the measures have been implemented. The results included the following: The Cyberspace Administration of China released and implemented the *Regulations on Promoting and Regulating Cross-Border Data Flow*; the Ministry of Finance and the State Taxation Administration issued a notice to extend the execution period for the tax exemption policy for foreign individual allowances and subsidies, as well as the tax rebate policy for foreign-invested research institutions purchasing China-made equipment, until the end of December 2027, while also lowering the threshold for enjoying the tax rebate policy for purchasing China-made equipment. The National Intellectual Property Administration, and the Ministry of Justice introduced the *Opinions on Strengthening Administrative Adjudication of Patent Infringement Disputes in the New Era*, further improving the administrative adjudication system and mechanisms. The State Administration for Market Regulation issued the *Opinions on Strengthening Intellectual Property Law Enforcement in the New Era*. The National Immigration Administration (NIA) launched a new version of the Foreign Permanent Resident ID Card to help foreigners travel and live in China, along with measures to relax the conditions for foreign personnel applying for port visas to enter China.

On February 28, 2024, the General Office of the State Council issued the *Action Plan to Steadily Promote High-*

Level Opening Up and Make Greater Efforts to Attract and Utilize Foreign Investment (hereinafter referred to as the "Action Plan"). The Action Plan proposes 24 measures across five aspects: first, to expand market access and liberalize foreign investment; second, to increase policy support to make China even more attractive for foreign investment; third, to optimize the environment for fair competition and provide better services for foreign-invested enterprises; fourth, to facilitate the flow of innovation factors and encourage innovation cooperation between Chinese and foreign-invested enterprises; fifth, to improve domestic regulations and better align with high-standard international economic and trade rules. The main features include:

First, we will further expand the space for foreign investment. The *Action Plan* emphasizes the need to expand market access and liberalize foreign investment. China has introduced a new negative list for foreign investment access, reduced restrictions on foreign investment, and launched pilot programs for market access in sectors of particular concern to foreign-invested enterprises, such as healthcare and value-added telecommunications. Additionally, it will support more qualified foreign institutions in conducting business in areas like banking, insurance, and bond funds.

Second, we will further optimize the business environment. The *Action Plan* proposes to optimize the environment for fair competition and provide better services for foreign-invested enterprises. It calls for implementing and enforcing relevant policies, issuing fair competition review rules in the field of bidding and tendering, and striving to eliminate local protectionism and ownership discrimination. Additionally,

it proposes to develop standards for government procurement of domestic products, requiring equal treatment of products produced by both domestic and foreign-invested enterprises that meet the standards during government procurement activities. Moreover, the *Action Plan* highlights the importance of improving the scientific administrative law enforcement and promptly correcting any non-standard law enforcement practices.

Third, we will further facilitate the cross-border flow of factors. The *Action Plan* set out to facilitate the flow of innovation factors and encourage innovation cooperation between Chinese and foreign-invested enterprises. In terms of business personnel exchanges, the *Action Plan* specifies that for management and technical personnel of foreign-invested enterprises, as well as their accompanying spouses and minor children, the visa validity period will be extended to two years. Foreign talent will also enjoy favorable policies regarding work, stay, temporary residence, and permanent residence in China. In terms of data flow, the *Action Plan* is expected to promote the safe and orderly cross-border transmission of R&D, production, and sales data of foreign-invested enterprises and formulate data transfer standards for the Guangdong-Hong Kong-Macao Greater Bay Area to enable smooth data flow within the Greater Bay Area.

The introduction of the *Action Plan* once again demonstrates China's high regard for efforts to attract foreign investment. It emphasizes enhancing positive interactions with the world economy through high-level opening up and aims to boost the confidence of foreign investors in investing in China through concrete actions.

3.5 Complete High-level Opening up Platforms

3.5.1 Hainan Free Trade Port

At the 30th Anniversary 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 introduced the liberalization and facilitation system featuring zero tariffs for trade in goods. For trade in

services, it implemented 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 was 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 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.

The policy and institutional framework of the Hainan Free Trade

Port, based on "trade, investment, cross-border capital flows, personnel mobility, free and convenient transportation, and the safe, orderly flow of data", has been initially established. In 2023, the number of shoppers and the total value of transactions in duty-free shopping climbed by 59.9% and 25.4%, respectively, year on year. Foreign investment in Hainan has been on the rise, with the number of newly established foreign-invested enterprises in the province growing at an average annual rate of 59.7% since 2018. As of April 2024, there have been 18,059 such enterprises operating in the province.

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

3.5.2 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 China 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 stress 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, another 22 PFTZs have been established successively in Guangdong, Tianjin, Fujian, Liaoning, Zhejiang, Henan, Hubei, Chongqing,

Sichuan, Shaanxi, Hainan, Shandong, Jiangsu, Guangxi, Hebei, Yunnan, Heilongjiang, Beijing, Hunan, Anhui, and Xinjiang. The China (Shanghai) Pilot Free Trade Zone Lingang 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 launched a large number of fundamental and pioneering reform and opening up measures and made many landmark and leading achievements of institutional innovation, effectively playing their role as pilot platforms for comprehensive reform and opening up.

Up to now, the State Council has issued 29 overall plans, plans for deepening development, and plans for expansion of regions for PFTZs, assigned more than 3,500 pilot tasks to the 22 PFTZs, and introduced a series of important policies, including the *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*. 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 now, at the national level, PFTZs have replicated and scaled 349 institutional innovation outcomes, establishing themselves as new hubs for reform and opening up in the new era.

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.

In November 2023, the State Council issued the *General Plan for Advancing Institutional Opening-up of China (Shanghai) Pilot Free Trade Zone in Alignment with High-standard International Economic and Trade Rules*. A total of 80 measures covering seven areas, including accelerating the opening up of trade in services, improving liberalization and facilitation of trade in goods, taking the lead in implementing high-standard digital trade rules, and enhancing intellectual property rights protection, were outlined in the plan, to advance high-level 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 negative list for foreign investment access for PFTZs has been shortened seven times, with the number of items reduced from 190 to 27 and all restrictions for the manufacturing sector removed. On top of the opening up measures adopted nationwide, PFTZs have lifted restrictions on foreign investment in fields such as 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 2023, PFTZs put RMB215.66 billion of foreign capital into actual use and the total value of their foreign trade reached RMB7.67 trillion, accounting for 19% and 18.4% of China's total, respectively. They made positive contributions to stabilizing foreign trade and foreign investment.

3.5.3 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 Cross-border E-commerce comprehensive pilot zones in seven batches, covering 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 are increasingly adapted to the development of cross-border e-commerce. According to preliminary statistics, China's cross-border e-commerce imports and exports in 2023 reached RMB2.37 trillion, up by 15.3%.

3.5.4 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 a significant measure adopted by the CPC Central Committee and the State Council to promote high-level opening up. In May 2015, the comprehensive pilot program was first launched in Beijing, and seven rounds of continuous exploration have been launched within nine 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. In December 2022, the State Council allowed an additional six cities, including

Shenyang, to launch comprehensive pilot programs for opening up the service sector. As a result, a "1 + 4 + 6" pilot demonstration pattern has formed for wider opening up in the service sector. The above 11 pilot demonstration provinces and municipalities encompass regions in China with relatively high economic development levels and significant potential for cooperation in the service sector between China and foreign countries. About 70% of the local regional GDP comes from the service sector, and they have attracted approximately 55% of the country's total foreign investment in this sector. These provinces and municipalities possess first-mover advantages with competitive favorable policies in industrial opening up, regional collaboration, institutional innovation, and factor assurance.

In November 2023, the State Council approved the *Working Plan for Supporting Beijing Municipality in Deepening the Building of the National Comprehensive Demonstration Zone for Expanding Opening-up in the Service Sector*, proposing over 170 pilot tasks. In terms of optimizing the comprehensive environment, the *Working Plan* focuses on institutional opening up and intensifies efforts to align with international high-standard rules such as the CPTPP and DEPA, and the number of relevant measures reached 70, accounting for 40% of the pilot tasks. The measures for alignment cover a wide range of fields "on the border" and "behind the border", setting an example for creating a world-class business environment that is market-oriented, law-based, and internationalized. In terms of creating market opportunities, the *Working Plan* centers on building a modern industrial system, provides multi-dimensional support for the development

of the modern services sector involving telecommunications, healthcare, finance, culture and education, and professional services, strives to open up new fields and tracks such as the digital economy and green circular economy, and puts forward about 40 pilot tasks for related business form innovation and cross-sector integration, which accurately reflects the policy demands and development needs of various domestic and foreign business entities.

As of the end of 2023, almost all measures in the plan of the demonstration zone in Beijing and the general plan of the other four provinces and cities in the "1 + 4" pattern, including Tianjin, have been implemented, and most of the pilot tasks in the six cities, including Shenyang, have been completed. 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 190 innovations have been promoted nationwide in nine batches, accumulating experience and exploring paths for the opening up of the service sector in China.

3.5.5 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 229 NETDZs (103 in the east, 55 in the central region, 50 in the west and 21 in the northeast) 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 on Promoting the Innovation and Promotion of National Economic and Technological Development Zones and Building New Highlands for 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.

According to preliminary statistics, in 2023, the NETDZs achieved a regional GDP of RMB15.7 trillion, accounting for 12.5% of China's total GDP. Their actual use of foreign capital reached USD39.5 billion, accounting for 24.2% of the national total. Their total import and export volume was RMB10.1 trillion, accounting for 24% of the country's total.

3.5.6 National High-Tech Industrial Development Zones

China's national high-tech industrial development zones (hereinafter referred to as "national high-tech zones") are established to develop high-tech industries, optimize 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.

As of November 2023, the total number of national high-tech zones has reached 178, with 23 independent innovation demonstration zones built based on 66 national high-tech zones. In 2023, the total output value of 178 national high-tech zones reached RMB18 trillion, equivalent to 14% of China's GDP.

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 industries up the value chain, intensifying open innovation, creating a high-quality development environment, and strengthening guidance to different types of areas and organizational management.

3.5.7 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 designated area of a specific city on the basis of the relevant administrative area and the area of special functions. There are currently 19 State-level New Areas in China (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: higher capability for technological innovation in key areas, accelerated quality development of the real economy, continuous progress in creating new institutional advantages, higher-standard opening up on all fronts, and higher-standard construction management. This move aims to help transform the state-level new areas into trailblazers in high-quality development, pioneers in the new round of reform and opening up, and new benchmarks for urban construction.

3.5.8 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 along with other relevant departments. As of June 2024, a total of 172 Special Customs Supervision Areas had been set up across China. Among them are 165 comprehensive bonded zones, five bonded zones, one bonded port area, and one cross-border industrial zone. 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 2023, the import and export value of all Special Customs Supervision Areas nationwide came to RMB8.01 trillion, accounting for 19.2% of China's total.

3.5.9 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 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.

3.5.10 Border (Cross-border) Economic Cooperation Zones

The development 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 development, 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 in border areas.

The border economic cooperation zones are established within the territory of China. At present, China has 18 border economic cooperation zones in eight border provinces and autonomous 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, the China-Laos Mohan-Boten Economic Cooperation Zone, and the China-Mongolia Erenhot-Zamyn-Uud Economic Cooperation Zone in collaboration with neighboring countries.

3.6 Full-fledged Investment Promotion Service System and Platforms

3.6.1 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 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 the development of foreign investment promotion agencies by local authorities, 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.

3.6.2 "Invest in China" Investment Promotion Events

The 2023 Central Economic Work Conference pointed out that it is necessary to expand high-standard opening up and build the brand of "Invest in China". Based on the "Invest in China Year" Investment Promotion Events in 2023, MOFCOM will hold at least 20 investment promotion events at home and abroad in 2024, in a bid to continuously promote the brand of "Invest in China". It has hosted the first signature event of "Invest in China", organized key domestic investment promotion events such as "China International Import Expo in various parts of China", and held multiple "Invest in China" promotion events in countries including Germany, Denmark, France, Italy and Austria, fully showcasing the resource endowments, industrial advantages, and investment environment of various regions in China.

3.6.3 Task Force for Major Foreign-invested Projects

In April 2020, MOFCOM established a task force for major foreign-invested projects under the foreign trade and foreign investment coordination mechanism in accordance with the decisions and plans of the CPC Central Committee and the State Council to stabilize foreign trade and foreign investment. Since its establishment, the task force has played an important

role in stabilizing foreign trade and foreign investment. With the joint efforts of various departments and localities, it has actively promoted the introduction of relevant policies, facilitated the resumption of work and production for foreign trade and foreign-invested enterprises, helped foreign trade enterprises receive orders and maintain market stability, supported the implementation of major foreign-invested projects, and addressed various difficulties faced by foreign-invested enterprises.

Service hotline: (86) 010-85093600

E-mail: fdiservice@mofcom.gov.cn

3.6.4 Roundtable Meeting System for Foreign-invested Enterprises

In July 2023, MOFCOM established a roundtable meeting system for foreign-invested enterprises according to the plans of the State Council, so as to provide more channels for collecting complaints and soliciting opinions. It required all localities to set up corresponding systems at the provincial level to further strengthen regular communication with foreign-invested enterprises and foreign business associations. Detailed records of issues reported at relevant meetings have been established and responsible departments clearly identified to tighten ongoing oversight and ensure that the issues are handled properly and feedback given in a timely manner to protect foreign investors' rights and interests in accordance with the law.

3.6.5 System for Collecting and Handling Complaints of Foreign-invested Enterprises

To help foreign-invested enterprises report complaints more easily and improve

processing efficiency, MOFCOM launched a system for collecting and handling complaints of foreign-invested enterprises in September 2023. This system allows enterprises to report various issues encountered in project implementation and business operations at any time online. Since its launch, the system has welcomed a steadily increasing number of users, enhanced the sense of gain for enterprises, and provided an efficient and convenient new channel for enterprises to express concerns. Enterprises can access the registration page for a new dedicated account through the "System for Collecting and Handling Complaints of Foreign-invested Enterprises" section in the "Hot Topics" column on the website of MOFCOM (<http://www.mofcom.gov.cn>), and submit relevant complaints and track the progress of their handling.

3.6.6 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 and the China International Fair for Investment & Trade. 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 (CIIE)

The China International Import Expo (CIIE) is the world's first large-scale national expo themed on import. Holding the

CIIE is a major decision made by China to advance its new round of high-standard opening up and a significant measure to open its market to the rest of the world of its own accord. The CIIE is conducive to the strengthening of trade and economic exchange 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 consists of the Country Exhibition, the Business Exhibition, the Hongqiao International Economic Forum, the Supporting Events, and the People-to-People Exchanges. It has been successfully held in Shanghai for six times with the total intended deals topping USD420 billion. It has played a better role as the platform respectively for international procurement, investment promotion, cultural exchanges, and opening up and cooperation. The CIIE has become a showcase of China's new development paradigm, a platform for high-standard opening up, and a public good for the whole world. The 7th CIIE will be held from November 5 to 10, 2024. Following the concept of "Professional Delivery of a Comprehensive Exhibition", the Business Exhibition is divided into six areas: Food and Agricultural Products, Automobile, Intelligent Industry & Information Technology, Consumer Goods, Medical Equipment & Healthcare Products, and Trade in Services. These areas will be subdivided into sections and specialized areas. Exhibitors of the same industry will be grouped together. In addition, an Innovation Incubation Special Section will be set up for seed, start-up and growth-stage enterprises.

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

■ The 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 largest number of buyers, the widest coverage of countries and regions, and the best transaction outcomes in China.

The Canton Fair has enhanced trade exchanges and friendly interactions between China and the world, and demonstrated China's image and development achievements. It serves as an outstanding platform for Chinese enterprises to participate in international trade and an exemplary base for implementing China's strategies of developing foreign trade. After many years of development, the Canton Fair has become the first and foremost platform for promoting China's foreign trade, and it is known as a barometer and wind vane of the foreign trade sector. It is the window, epitome and symbol of China's opening up to the outside world.

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

■ China International Fair for Trade in Services (CIFTIS)

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, since 2012, MOFCOM and the Beijing Municipal People's Government have jointly hosted the China (Beijing) International Fair for Trade in Services, which was renamed as 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>

■ **Global Digital Trade Expo (GDTE)**

The Global Digital Trade Expo (GDTE) is China's only national-level international professional exhibition under the theme of digital trade. GDTE acts as an important window for comprehensively displaying new technologies, new products and new ecology of global digital trade, an exchange platform for discussing new standards, new issues and new trends of international digital trade and an open platform for jointly building and sharing new markets, new opportunities and new development of economic and trade cooperation in the new era.

Official website: <https://www.gdte.org.cn/>

■ **China International Fair for Investment & Trade (CIFIT)**

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 (EXPO Central China)**

The Central China Investment and Trade Exposition (EXPO Central China) 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 become an important platform for the said six provinces to open up wider and strengthen regional and international exchanges and cooperation. The expo provides opportunities for traders and investors from home and abroad to comprehensively understand the investment policies of central China, obtain information on key projects and conduct trade exchanges 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>

■ China International Small and Medium Enterprises Fair (CISMEF)

The China International Small and Medium Enterprises Fair (CISMEF) is an international platform established to strengthen communication and cooperation among small and medium-sized enterprises (SMEs) worldwide, integrating functions such as "exhibition, exchange, trade, and cooperation". It is also an international event in China specially designed for SMEs. CISMEF has been successfully held for 18 sessions, fully demonstrating the achievements obtained by China in promoting the high-quality development of SMEs and vigorously facilitating exchanges and cooperation between Chinese and foreign SMEs in economy, trade, and technology.

Official website: <https://www.cismef.com.cn>

3.6.7 Online Service Platforms

■ Invest in China

Invest in China (<http://fdi.mofcom.gov.cn/>) is an online public service platform for investment promotion. 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 for 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.

4. Highly Law-Based Policy Environment

4.1 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 a 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 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 China's economic, political, cultural, social, and ecological development. 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 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 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 special economic zones.

The ministries and commissions, and directly affiliated institutions with the administrative functions and legally mandated institutions 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, and 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 laws. The judicial interpretation has 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 laws, but

it provides important references for judges dealing with similar cases.

4.2 Alignment with International Rules

China actively participates in the reform and development 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 or so, 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 tariff rate dropped from 15.3% in 2001 to 9.8% in 2010, and further to 7.3% from July 1, 2023 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 services sector by 2007 and has actually opened up nearly 120 sub-sectors by now. As regards rules compliance, China has continuously ratcheted up law enforcement in the 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"⁹, submitting proposals for reform, and promoting the formulation of rules in emerging fields such as e-commerce and investment facilitation. In February 2024, China led more than 120 WTO members to reach the *Investment Facilitation for Development Agreement*. In July 2023, China promoted the successful conclusion of text negotiations on the *Investment Facilitation for Development Agreement*, the world's first multilateral investment agreement. In the process of negotiations, China put forward 15 formal proposals based on its practice of transforming government functions and comprehensively deepening reforms, leading the formulation of high-standard international rules with China's solutions. China repeatedly put forward pragmatic solutions to difficult issues

in the negotiations, playing a key role in promoting negotiations, peace and success and winning high recognition from all parties.

China has implemented the strategy of upgrading free trade areas. As of July 2024, it has signed 22 free trade agreements (FTAs) with 29 countries and regions, and the trade with them accounts for about one-third of China's total foreign trade. On January 1, 2022, the *Regional Comprehensive Economic Partnership Agreement* (RCEP) came into force, marking the establishment of the world's largest free trade area. The total population, GDP and trade of the 15 member countries account for about 30% of the world's total.

China has taken the initiative to align itself with international high-standard economic and trade rules and deepen domestic reform and innovation. On September 16, 2021, China formally applied to join the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* (CPTPP). China is willing and able to fully align itself with the CPTPP rules and standards and make commitments to high-level openness in the field of market access that exceeds 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

9 "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.

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 114 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), basically covering China's major overseas investment destinations and major countries and regions investing in China.

4.3 The Legal System for Foreign Investment

4.3.1 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*, the *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 improve 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 has henceforth been enjoying a market environment with greater consistency, transparency, predictability for a leveling playing field.

4.3.2 Market Access for Foreign Investment

■ Administration System of "Pre-establishment National Treatment plus Negative List"

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 pre-establishment treatment given to foreign investors and their investment, 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 that the negative list deems "forbidden" to foreign investors. For those fields where the negative list "restricts" 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 (PFTZs) were further reduced to 31 and 27 items. The main changes include further opening up the manufacturing industry, widening access to the services sector in PFTZs, improving targeted administration, and optimizing overall implementation. Among these changes, the negative list for PFTZs has zeroed out manufacturing items.

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 investment or operation 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 or ratify the relevant matters, or go through relevant procedures. For areas with access under a license, business entities shall apply in accordance with qualification requirements and procedures, technical standards and licensing requirements. Administrative agencies are to make decisions in accordance with laws and regulations on whether to grant access or not, 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.

■ Orderly Opening up of the Financial Sector

In 2023, the Central Financial Work Conference proposed to "accelerate the building of a nation with a strong financial sector" for the first time, emphasizing the need to vigorously promote high-standard opening up in finance, give equal priority to "introducing FDI" and "going global", steadily expand institutional opening up in the financial field, and attract more foreign financial institutions and long-term capital to China for business development. China will align itself with the relevant financial rules in high-standard international economic and trade agreements, streamline restrictive

measures, and enhance the transparency, stability and predictability of opening-up policies, strengthen the interconnectivity between domestic and foreign financial markets, improve the facilitation of cross-border investment and financing, and actively participate in international financial regulatory reform.

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 already been offered national treatment); 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, a foreign shareholder is allowed to hold shares in no more than two securities companies (fund management companies), of which the shareholder 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, according national treatment to foreign-invested institutions in terms of both business scope and regulatory requirements. On July 10, 2020, the CSRC and the former China Banking and Insurance Regulatory Commission (CBIRC) 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, ease access for qualified foreign institutional investors (QFIIs) and RMB qualified foreign institutional investors (RQFIIs), optimize access management, expand the range of securities, futures and funds varieties that can be invested in, and facilitate investment operations.

On June 19, 2018, the CBIRC issued the *Notice on Allowing Foreign Investors to Operate Insurance Agency Business in China*, which clarifies that the professional insurance agencies invested in and established in China by overseas professional insurance agencies that have operated insurance agency business for more than three years may apply for the operation of insurance agency business, while professional insurance agencies set up in China by foreign-funded insurance companies operating business in China for more than three years may apply for the operation of insurance agency business.

On June 19, 2018, the CBIRC issued the *Notice on Allowing Foreign*

Investors to Operate Insurance Surveyor and Loss Assessment Business in China, which clarifies that insurance surveyors established in China by foreign insurance surveyors that have operated the survey business for more than three years can operate the business, and the *Regulations on the Supervision of Insurance Surveyor and Loss Assessor* shall apply for business filing; insurance surveyors established in China by foreign-invested insurance companies that have operated in China for more than three years may engage in the business, and the *Regulations on the Supervision of Insurance Surveyor and Loss Assessor* shall apply for business filing.

The *Decision of the State Council to Amend the Regulation of the People's Republic of China on the Administration of Foreign-invested Insurance Companies and the Regulation of the People's Republic of China on the Administration of Foreign-invested Banks*, promulgated on September 30, 2019, relaxed access conditions for foreign-invested banks and insurance companies and optimized relevant regulatory requirements.

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*, issued by the CBIRC 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 CBIRC issued the *Notice on Clarifying Measures for the Opening up of the Insurance Intermediary Market*, allowing the insurance brokerage companies invested in and established in China by overseas insurance brokerage companies with

actual business experience and in compliance with relevant regulations of the CBIRC to operate in the area of insurance brokerage, and allowing the professional insurance intermediaries invested in and established in China by foreign insurance group companies and foreign-invested insurance group companies in China to operate in insurance intermediary.

In July 2022, the CBIRC issued the *Rules on Insurance Asset Management Companies*, which removes the equity cap on 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*, 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.

In October 2023, the National Financial Regulatory Administration (NFRA) issued the revised *Implementation Measures for the Administrative Licensing of Non-bank Financial Institutions*, removing the restrictions on foreign non-financial institutions from being investors in financial asset management companies and eliminating the requirements on the

total assets of foreign financial institutions as investors in financial asset management companies.

In July 2024, the Ministry of Commerce, People's Bank of China, NFRA, and SAFE jointly issued the *Opinions on Strengthening Commercial and Financial Collaboration to Enhance Support for High-quality Development of Cross-border Trade and Investment*, proposing 11 policies and measures in five aspects around major areas such as stabilizing foreign trade and foreign investment and key links such as promoting financing, preventing risks and optimizing services.

■ Pilot Program for Expanding the Opening up of Value-Added Telecommunications Services

The opening up of China's telecommunications industry has been deepened. Eight of the ten value-added telecommunications services have been opened in PFTZs¹⁰, and four of them, as well as e-commerce and application stores, are not subject to foreign shareholding restrictions. Since 2018, the policies of China (Shanghai) Pilot Free Trade Zone have been implemented in all PFTZs. Since the revision of the *Provisions on Administration of Foreign-Invested Telecommunications Enterprises* in 2022, the market access threshold for foreign investment has been further lowered. By the end of February 2024, a total of 1,884 foreign-invested enterprises had been licensed to operate telecommunications services in China.

In April 2024, the Ministry of Industry and Information Technology issued the *Circular on Launching the Pilot Program for Expanding the Opening-up of Value-Added Telecommunications*

Services (hereinafter referred to as the "Circular"). For regions approved for implementation of the pilot program, the *Circular* canceled restrictions on foreign shareholding the Internet data centers (IDCs), content distribution networks (CDNs), Internet service providers (ISPs), online data and transaction processing, as well as information release platforms and delivery services in information services (except Internet news information, online publication, online audiovisual services, Internet cultural business, and public information release on the Internet), and information protection and processing services. Beijing National Comprehensive Demonstration Zone for Expanding Opening-up in the Services Sector, China (Shanghai) Pilot Free Trade Zone Lin-gang Special Area and Pioneer Area for Socialist Modernization, Hainan Free Trade Port, and Shenzhen Pilot Demonstration Area of Socialism with Chinese Characteristics have taken the lead in carrying out the pilot program. The *Circular* is accompanied by the *Scheme of the Pilot Program for Expanding the Opening-up of Value-Added Telecommunications Services*, which details requirements in such aspects as the registration place, service facility location and service scope of business operators. The Ministry of Industry and Information Technology is responsible for organizing the evaluation and demonstration of the implementation schemes and conditions of the four pilot areas, and giving approval to qualified areas. Foreign-invested enterprises that have been approved for carrying out the pilot program will be managed in accordance with the principle of treating domestic and foreign investment equally.

¹⁰ Value-added telecommunications services refer to additional telecommunication and information services provided by using public network infrastructure, such as Internet data centers, e-commerce and information services.

4.3.3 Investment Promotion

■ Catalogue of Industries for Encouraging Foreign Investment

China implements policies to encourage and guide foreign investment. Qualified foreign investment in fields specified in the *Catalogue of Industries for Encouraging Foreign Investment* are eligible for the following support policies: (1) A free tariff policy will be provided for self-use equipment imported within the total investment of encouraged foreign investment projects, except for the equipment listed in the *Catalogue of Major Technological Equipment and Products Not Exempt from Import Duty* and the *Catalogue of Goods Not Exempt from Import Duty for Foreign Investment Projects*; (2) Qualified foreign-invested enterprises investing in the encouraged industries in the western regions and Hainan Province are eligible for a lower enterprise income tax rate of 15%; (3) Encouraged foreign investment industrial projects that utilize land efficiently are given priority in land supply. When determining the minimum price for land transfer, the price can be set at no less than 70% of the national minimum price standard for industrial land corresponding to the local land grade.

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 *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 *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 foreign investment in establishing R&D centers in China to conduct scientific and technological research 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.

■ **Supporting Overseas Institutions Investing in Domestic Technology Companies**

In April 2024, ten ministries including the Ministry of Commerce, Ministry of Foreign Affairs, National Development and Reform Commission, Ministry of Science and Technology, Ministry of Industry and Information Technology, People's Bank of China, State Taxation Administration, National Financial Regulatory Administration, China Securities Regulatory Commission, and State Administration of Foreign Exchange jointly issued *Policy Measures in Further Support of Overseas Institutional Investment in Domestic Technology Companies* (hereinafter referred to as "*Measures*"), proposing 16 specific measures from four aspects focusing on the business characteristics of overseas institutions and the development needs of domestic technology enterprises. To

optimize management services, China will examine and approve the application for qualifications of qualified foreign institutional investors (QFIIs) and RMB qualified foreign institutional investors (RQFIIs) efficiently in accordance with laws; support will be given to overseas institutions investing in domestic technology enterprises by serving as qualified foreign limited partners (QFLPs); venture capital funds (enterprises) set up by overseas institutions in China will enjoy the same treatment as domestic venture capital funds (enterprises). In terms of increasing financing support, qualified overseas institutions will be supported to issue RMB bonds in China and invest in the field of science and technology; pilot projects for cross-border financing facilitation will be promoted nationwide, technology enterprises at the start-up stage will be included in the pilot projects, and eligible enterprises will be encouraged to independently borrow foreign debt within the quota; domestic banks will be supported to strengthen cooperation with overseas institutions and ensure the exploration of business models such as "loans + external direct investment" is in compliance with the regulations. For strengthening exchanges and cooperation, *Measures* proposes to set up funds of funds or specialized sub-funds in the fields and directions of new-generation information technology, artificial intelligence, quantum technology, biotechnology, new energy and future energy, industrial machine tools, aviation and aerospace equipment, electrical equipment, new materials, and core basic components and instruments; support will be given to technology enterprises invested by overseas institutions to deepen industrial chain cooperation with relevant countries. To improve the exit mechanism,

China will accelerate the filing for overseas listing of qualified technology enterprises in accordance with laws and regulations, support technology enterprises to list in Hong Kong, and support listed companies to comprehensively use various payment instruments such as shares and directional convertible bonds, merge and acquire technology enterprises, and facilitate the easy exit of mergers and acquisitions. China will revise the *Measures for the Administration of Strategic Investment in Listed Companies by Foreign Investors* to further relax investment conditions, and steadily promote the pilot transfer of shares of private equity venture capital funds.

■ Leveling the Playing Field

Foreign-invested enterprises and domestic enterprises are entitled to equally enjoy policies supporting enterprise development provided by the state, including but not limited to government funding, land supply, tax and fee reductions, licensing and permits, standard setting, project applications, 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.

■ Facilitating Easier Access for Foreigners to China

The 2023 Central Economic Work Conference explicitly called for "removing barriers to make it easy for foreigners to do business, study and travel in China". All relevant departments have actively taken various measures to continuously strengthen service guarantees.

First, relevant departments have effectively alleviated visa difficulties. The Ministry of Foreign Affairs has further optimized the visa application form for foreigners, greatly shortening the time required for applicants to fill in the form. Embassies and consulates abroad have canceled all appointments for visa applications and reduced or waived visa fees temporarily. After implementing the unilateral visa-free policy that allows ordinary passport holders from France, Germany, Italy, the Netherlands, Spain and Malaysia to enter and stay in China for up to 15 days, China launched a pilot

program of the unilateral visa-free policy for Switzerland, Ireland, Hungary, Austria, Belgium, and Luxembourg.

Second, relevant departments have continued to resume international flights. By the end of May 2024, the number of flights to 28 countries including Singapore, the United Kingdom and Italy has exceeded that before the COVID-19. Starting from March 31, 2024, a total of 100 scheduled passenger flights may be operated per week by airlines from China and the United States.

Third, relevant departments have improved the level of payment services. In March 2024, the General Office of the State Council issued the *Opinions of the General Office of the State Council on Further Optimizing Payment Services to Facilitate Payments*, emphasizing the need to strengthen coordination, increase necessary resource investment, and promote the parallel development and mutual complementation of mobile payment, bank cards, cash and other payment modes. The People's Bank of China attaches great importance to the opinions. It has strengthened inter-departmental cooperation, accelerated the improvement of policy systems, cooperated with relevant parties to focus on key scenarios and key tasks, continuously improved the bank card acceptance environment in airports, business districts, scenic spots, hotels and other key places, guided Alipay, Tenpay and other platforms in simplifying mobile payment business processes, raising transaction limits and enriching product functions, organized commercial banks to issue RMB cash "change purses", and optimized the cash use environment. The bank has released the *Guide to Payment Services in China* in eight languages including Chinese, English, German and

French, and continued the publicity and promotion of payment services.

Fourth, relevant departments have optimized the travel environment. In April 2024, the Ministry of Transport, together with seven departments including the Ministry of Culture and Tourism and the People's Bank of China, jointly issued the *Notice on Effectively Improving Transportation and Payment Facilitation*, focusing on such aspects as improving transportation facilitation for foreigners coming to China, improving transportation experience, optimizing transportation payment services, as well as accelerating the resumption of international flights, enriching the supply of cruise transport products, optimizing international passenger train services, and resuming international road passenger transportation. These departments aim to optimize services such as fare collection, multilingual guidance at passenger stations, travel guidance and new forms of transportation, and enhance payment facilitation in port transportation, urban public transportation, taxi (online car-hailing) services, intercity travel and other fields. They also try to improve the service experience, continue to promote taxi-hailing services and "online car-hailing through a click" services, and optimize the car rental process for foreigners.

Fifth, relevant departments have improved the experience of using permanent residence ID cards. On December 1, 2023, the National Immigration Administration issued and activated a new version of the Foreign Permanent Resident ID Card (nicknamed the "Five-star Card"). The cardholder may use the card as a valid form of identification in situations requiring proof of personal identity, such as registering for accommodation or purchasing tickets

for transportation (involving trains, ships and planes), without presenting a foreign passport. The cardholder may also manage personal affairs related to transportation, consumption and finance online through the Internet platforms, thus further facilitating their work and life in China.

4.3.4 Investment Protection

■ Expropriation and Compensation

According to the *Foreign Investment Law*, the State shall not 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 technology cooperation based on voluntary principles and commercial rules in the process of foreign investment. Conditions for technological cooperation shall 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 any of 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 their staff members shall not require the transfer of technology as a condition for obtaining an administrative license, or directly or indirectly require technology transfer in the process of administrative licensing.

■ Building Trustworthy Local Governments

Local people's governments at all levels and their 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 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 is prohibited. If government departments make alterations to policy commitments or contractual agreements out of national and social interests, they shall 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 promptly and to coordinate and improve relevant policies and measures. Should foreign-invested enterprises or their investors deem any administrative act by an administrative body or any of its staff 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 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 involves relevant

departments under the State Council, and people's governments of provinces, autonomous regions and municipalities; (2) where the matter has a significant national or international impact. The National Center for Complaints of Foreign-invested Enterprises, established at the Ministry of Commerce, is in charge of handling the complaints. Local people's governments at and above the county level shall designate a department or agency for handling complaints in their respective jurisdictions and according to their due responsibilities. The following complaints of foreign investors can be reported to the complaint-handling agencies: (1) applications for coordination and resolution concerning administrative actions of administrative agencies and staff which have infringed on their legitimate rights and interests; (2) reports on issues concerning investment environment and suggestions about improvements of relevant policies and measures.

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; complaint-handling agencies shall 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 and resolution through the complaint mechanism for foreign-invested enterprises.

As of June 2024, a total of 2,811 complaint-handling agencies have been established at all levels across China.

Complaint systems for foreign investors have been formulated or revised in 28 provinces. Complaint-handling agencies of 28 provinces have developed and published their complaint guidelines for foreign investors. The majority of regions have established well-structured local complaint networks for foreign investors and published lists of their complaint-handling agencies. Interdepartmental coordination mechanisms for complaints of foreign-invested enterprises at all levels have been gradually established and improved. An all-round system for the protection of foreign investors' rights and interests featuring information sharing and mutual coordination combining the Ministry of Commerce and local complaint-handling agencies has basically taken shape. In late September 2023, the Ministry of Commerce officially launched a system for collecting and handling complaints of foreign-invested enterprises (<https://wzxxbg.mofcom.gov.cn/wzWtsq/un/register>). The system provides more accessible channels and more standardized and transparent services for complainants to report their complaints online. As part of China's continuously improving business environment, complaint-handling agencies at all levels help foreign-invested enterprises address disputes before a complaint is made, while preventing issues causing complaints from occurring in the first place. A comprehensive framework for complaint services has been established, covering all stages of foreign complaints and rights and interests protection, namely pre-complaint preventive measures, standardized complaint handling processes, follow-up services, and early warning of risks. This framework has become a crucial element of the Ministry of Commerce's efforts to safeguard the rights and interests of foreign investors.

Procedures for the filing, acceptance, and handling of complaints are detailed in the *Rules* (see Flow Chart 5.5: Complaints of Foreign-Invested Enterprises).

4.3.5 Investment Management

■ Information Reporting System

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

On January 1, 2020, the *Measures for Reporting Foreign Investment Information* and the *Announcement on Matters Related to the Information Reporting of Foreign Investment* entered into force. Foreign investors and foreign-invested enterprises shall, in accordance with the requirements of the aforementioned documents, submit the initial report, any report of modification or cancellation, and annual reports to the competent commercial department.

■ Foreign-Invested 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. Any foreign-invested project involving a fixed asset investment program needs to go through investment project approval and filing in the same way as domestic-funded projects.

■ National Security Review

The *Foreign Investment Law*

stipulates that foreign investors and foreign-invested enterprises engaged in investment activities within territory of China shall abide by laws and regulations of China and shall not jeopardize the national security and public interests of the People's Republic of China. China has established a foreign investment security review system and conducts security reviews 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 the law 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 that two types foreign investment shall apply for security review: (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 channels of consultation, please refer to the Announcement No. 4 [2019] of the National Development and Reform Commission.

■ Review of Business Concentration

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 business concentration and meet the declaration standards stipulated by the State Council, the business operators shall declare to the anti-monopoly enforcement agency under the State Council in advance, or otherwise no concentration may be implemented.

4.4 Enterprise Registration

4.4.1 Investors

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

4.4.2 Organizational Forms of Foreign-Invested Enterprises

Foreign-invested enterprises in China mainly take on two organizational forms: companies and partnerships. Provisions of the *Company Law of the People's Republic of China* and the *Law of the People's Republic of China on Partnerships* apply to foreign-invested enterprises established after January 1, 2020, with regard to their organizational form, organizational structure, and norms of conducts; foreign-invested enterprises are no longer divided into Chinese-foreign equity joint ventures, Chinese-foreign cooperative 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 may 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 their subscribed capital contribution, and bears limited liability for its own 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 their subscribed shares, and that bears limited liability 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 may 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 general partners who bear unlimited joint and several liabilities for the debts of the partnership and 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

Resident representative offices of foreign enterprises established

in China (hereinafter referred to as "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 may not engage in profit-making activities. A representative office may only engage in market research, exhibition and publicity activities related to the products or services of a foreign enterprise and the liaison activities related to a foreign enterprise's product sales, service delivery, domestic sourcing, and domestic investment.

4.4.3 Mergers and Acquisitions 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 are regarded as foreign investment as stipulated in the *Foreign Investment Law*. Currently, mergers and acquisitions by foreign investors are regulated by laws and regulations such as the *Foreign Investment Law* and its *Implementing Regulations, Provisions on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors*, and *Measures for the Administration of Strategic Investment in Listed Companies by Foreign Investors*.

4.5 Tax Administration¹¹

4.5.1 Introduction to the Tax System

■ Taxation Environment

China's competent department of taxation is the State Taxation Administration, a direct subordinate to the State Council. Responsible for managing nationwide collection of taxes, social insurance premiums and relevant non-tax revenue, the State Taxation Administration has subsidiary taxation organs at provincial, municipal, county, and township levels, which carry out tax collection within the scope of their respective jurisdictions 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 people's governments of their province, autonomous region or municipality. The State Taxation Administration has issued a number of new measures to optimize the tax business environment and facilitate private tax and fee payment. These have simplified tax procedures in line with policies on tax refunds and tax and fee cuts, and the tax system reform aiming at streamlining administration, delegating power, strengthening regulation, and improving 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 the law, it levies customs duties and other taxes and fees on goods allowed to be

¹¹ 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.

imported and exported and on inbound articles. The General Administration of Customs established by the State Council administers 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 the law, and the regulations on the administration of customs duties shall be applied.

■ Tax Categories

Like other countries, China adopts a compound tax system of multiple tax categories. Under the current system, 18 categories of tax are established, and may be divided into the following categories based on the object of taxation:

✓ Income taxes: enterprise income tax, individual income tax

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

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

The following is an overview of 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 established in China in accordance with the law, or which is established in accordance with the law of a foreign country (region) but with effective management located in China. Non-resident enterprises are

enterprises established in accordance with the law of a foreign country (region) with effective management located outside China, but which has an establishment or a place in China, or which has no such establishment or place but has income sourced from inside China.

The statutory tax rate for the income of a resident enterprise obtained both within and outside the territory of China is 25%. A non-resident enterprise that has an establishment or a place in China shall pay enterprise income tax at the statutory tax rate of 25% on the income sourced from inside China that is derived by its establishment or place and the income sourced from outside China but which is effectively connected with the aforesaid establishment or place established in China. Where a non-resident enterprise has no establishment or place in China, or it has an establishment or a place in China but the income derived is not effectively connected with the aforesaid establishment or place, it shall pay enterprise income tax on the portion of its income sourced from inside China at the reduced rate of 10% (a lower tax rate agreed upon under applicable tax treaties or tax exemption, if any, shall prevail).

Enterprise income tax is calculated according to the tax year, beginning on January 1 and ending on December 31 of a calendar year. 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

Since 2018, China has implemented a new round of individual income tax reform and 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

individuals", adjusted and optimized the structure of tax rates, raised basic deduction levels, set up special deduction programs, fine-tuned the tax reporting system, put in place a credit mechanism, and introduced 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 the law. In addition, according to the *Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China*, an individual who is not domiciled within the territory of China and resides within China for 183 days or more per year for less than six consecutive years shall be exempted from individual income tax for income 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 the individual resides in China for 183 days or more, the consecutive years when the individual 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 the law. 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 and who has resided within China for no more than 90 days in a tax year, the income of the individual that is derived within China and paid by an employer outside China but not borne by the employer's establishment or place within China shall be exempted from individual income tax.

A tax year for individual income tax begins on January 1 and ends on December 31 within a calendar year. For comprehensive income in excess of the specified amounts, seven levels of progressive tax rates ranging from 3% to 45% shall apply; for income from business operation in excess of the specified amounts, five levels of 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 under applicable tax treaties or tax exemption, if any, shall prevail).

For non-Chinese expatriates, the following categories of income are temporarily exempted from individual income tax: (1) dividends and bonuses obtained from foreign-invested enterprises; (2) wages and salaries paid to foreign experts in accordance with relevant regulations of China; (3) special deductions, or tax exemptions on housing subsidies, language training fees, child education expenses, etc., for non-Chinese expatriates who qualify as resident individuals, for a period from January 1, 2019 to December 31, 2027. Regarding item (3), a non-Chinese expatriate chooses one option over the other may not make any change within the tax year.

3. Value-added Tax

On May 1, 2016, China's business tax was altogether replaced by value-added tax (VAT). Those subject to 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 levels of VAT rates at 13%, 9%, and 6% respectively. For small-scale taxpayers, the VAT rate is 3%, unless otherwise provided. The VAT payment deadlines are one day, three days, five days, 10 days, 15 days, one month or one quarter respectively. The customs is responsible for collecting VAT on imports.

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 producer and consumer services, and implementation of the VAT credit refund system. Efforts to enhance VAT credit refund have been stepped up subsequently. Starting 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. Starting from July 1, 2022, the scope has been extended to 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 entertainment.

4. Tariffs

For goods permitted for import and export by the People's Republic of China as well as inbound articles, the customs shall levy tariffs in accordance with relevant laws and administrative regulations. The taxpayers of tariffs are the consignees of imported goods, the consigners of goods for export, and the carriers or recipients of inbound articles.

With regard to import tariffs, in recent years, China has taken the initiative to introduce a series of new measures reducing import tariffs. In 2018, China voluntarily 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 overall tariff rate fell to 7.5% from the 2010 level of 9.8%. Starting from July 1, 2023, China, fulfilling its tariff concession commitments under the expansion agreement of the WTO's *Information Technology Agreement*, has lowered its overall tariffs to 7.3%. In addition, China imposes provisional tariffs lower than the most-favored-nation rates on certain imported goods. Since January 1, 2024, China has imposed provisional import tariffs lower than the most-favored-nation rates on 1,010 items.

5. Consumption Tax

Entities 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 entities and individuals selling taxable consumer goods determined by the State Council, are the taxpayers responsible for paying consumption tax in accordance with the

law. Commodities subject to consumption tax fall into 15 major categories: cigarettes, liquor, high-end cosmetics, precious stones and jewelry, firecrackers and fireworks, refined oil, motorcycles, cars, golf balls and golf equipment, luxury watches, yachts, disposable wooden chopsticks, solid wood flooring, batteries, and coatings. Either flat or lump-sum tax rates are applied. The amount of consumption tax payable shall be calculated ad valorem, based on specific rates, or via a composite method combining ad valorem rates and specific rates. The customs is authorized to collect consumption tax on taxable imported consumer goods.

4.5.2 Preferential Enterprise Income Tax

China implements preferential enterprise income tax policies for key supported and encouraged industries and projects. Income derived from agriculture, forestry, animal husbandry, and fishery projects, public infrastructure projects, environmental protection projects, energy conservation projects and water saving projects may enjoy tax exemption or reduction treatments; high-tech enterprises are taxed at the reduced rate of 15%; enterprises in industries encouraged in the western region are taxed at the reduced rate of 15%; extra tax deductions are given on research and development costs; small, low-profit enterprises may receive preferential tax treatment. This *Guide* focuses on recent noteworthy preferential tax policies on foreign investment in China. 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 is reduced to 25% and enterprise income tax is levied at 20% for small, low-profit enterprises, effective through December 31, 2027.

(3) Enterprises in the western region in industries designated by the government for special encouragement enjoy a preferential tax rate of 15%, effective through December 31, 2030.

(4) Enterprises engaged in public infrastructure projects with major support from the government enjoy a "three-year exemption and three-year half rate" enterprise income tax incentive, starting from the tax year when the first production or operational income is generated.

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

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

(7) An additional 100% deduction of an enterprise's eligible R&D expenditure is 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 is amortized.

(8) Enterprise income from technology transfer not exceeding RMB 5 million within a tax year is exempted from the

enterprise income tax; that which exceeds RMB 5 million is taxed at half the rate. Starting 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 RMB 20 million in a tax year and will be exempted from enterprise income tax by half for the portion exceeding RMB 20 million.

(9) Starting from the tax year that the first production or operational income is generated, newly founded high-tech enterprises located in any of China's five special economic zones or the Shanghai Pudong New Area 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 government bonds and stock dividends of resident enterprises, as well as certain specified income of non-profit organizations, are exempted from enterprise income tax.

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

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

4.5.3 Tax Policies on Stabilizing Foreign Trade and Foreign Investment

To fully leverage taxation in stabilizing foreign trade and foreign investment, the State Taxation Administration has revised

and updated prevailing tax policies and collection management measures and compiled a new edition of the *Tax Policy Guidelines on Stabilizing Foreign Investment and Foreign Trade*, released on January 15, 2024, aiming at helping taxpayers better understand and adopt policies and creating a good taxation environment for the development of foreign trade and foreign investment.

The latest *Guidelines* consists of 51 policies for stabilizing foreign trade and foreign investment. Of the 51 policies, 19 are related to stabilizing foreign trade, including policies on goods and service exports, value-added tax policies on cross-border taxable activities, policies for new forms of foreign trade, and policies facilitating export tax rebates and exemptions, and 32 are for stabilizing foreign investment, such as tax policies encouraging foreign investment. These updated policies help taxpayers understand and use the policies, while sending a positive signal that China continuously expands opening up and vigorously reinforces the fundamentals of foreign trade and foreign investment, boosting confidence on the market.

4.5.4 Import Tax Policies 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 Import Tax Policies Supporting Scientific and Technological Innovation during the 14th Five-Year Plan Period* (Cai Guan Shui [2021] No. 23), tariffs, value-added taxes and consumption taxes are exempted from January 1, 2021 to December 31, 2025 for articles which are imported by scientific research institutions, technological development institutions,

and educational institutions for scientific research, technological development and teaching purposes, and which are unable to be produced in China or whose domestic counterpart fails to meet the performance criteria. Foreign-invested R&D centers that meet the conditions are eligible for 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 State Taxation Administration on Measures for the Administration of Import Tax Policies Supporting Scientific and Technological Innovations during the 14th Five-Year Plan Period* (Cai Guan Shui [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.

4.5.5 Transfer Pricing

With the release of the final report of the Action Plan on Base Erosion and Profit Shifting (BEPS) by the Organisation for Economic Co-operation and Development (OECD), the State Taxation Administration has 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, with a greater focus on proactive risk management, and a shifted focus from ex post investigation to ex ante analysis such as associated annual reporting, data from the same period, and risk analysis and assessment, so as to encourage taxpayers to abide by the requirements.

4.5.6 Tax Treaties

China is actively establishing an international tax governance system

aligned with China's higher-level opening up. Domestically, China has upgraded its international tax system and tax collection system; internationally, China has been engaged in-depth in global tax cooperation. As of May 2024, China signed agreements on the prevention of double taxation with 114 countries and regions (including the tax arrangements between the Chinese mainland and Hong Kong and Macao, and the tax agreement between the Chinese mainland and Taiwan). China has also signed three multilateral tax conventions and 10 tax information exchange agreements. The vast majority of economies in the world have become tax collection and management partners of China.

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 *Measures for the Administration of Treaty Benefits to Non-Resident Taxpayers*, which simplifies procedures required for non-resident taxpayers to enjoy treaty benefits by instating a change from "submission at the time of declaration" to "retention for later inspection" (i.e. "self-assessment of eligibility, application for treaty benefits, and retention of documents for inspection"). This modification significantly eases the burden on non-resident taxpayers and withholding agents throughout the declaration process.

4.6 Cross-Border Renminbi and Foreign Exchange Administration

In China, renminbi (renminbi) is freely convertible under the current account and is subject to regulation under the capital account. The current accounts cover items that occur frequently in economic transactions between countries, including foreign trade income and expenses, non-trade transactions, and unrequited transfers. The capital accounts refer to the increase or decrease of assets and liabilities arising from the export and import of capital in the balance of payments, reflecting changes in the claims and debts between countries expressed in terms of currency, including the transfer of physical or financial assets between residents and non-residents. They mainly consist of direct investment, securities investment, and cross-border lending.

China is gradually opening up its capital accounts. The number of convertible items is increasing, as is the degree of convertibility. Specifically, direct investment has been opened up at a high level, and cross-border securities investment channels have expanded significantly, while macroprudential management is 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 People's Bank of China, the State Administration of Foreign Exchange (SAFE) and their local branches are responsible for cross-border RMB and foreign exchange administration. In accordance with the relevant regulations, SAFE implements registration-based management for foreign investors' domestic direct investment (DDI). Organizations and individuals involved in

DDI activities must apply for registration before engaging in DDI-related cross-border capital business. Foreign-invested enterprises now can complete foreign exchange registration with banks under the jurisdiction of their corresponding SAFE branches.

The use of capital (renminbi or foreign exchange) of foreign-invested enterprises shall follow the principles of authenticity and self-use within the scope of their business. It shall also comply with relevant regulations of the People's Bank of China and SAFE. Foreign investors are entitled to freely conduct inward and outward remittance of their investment in renminbi or foreign exchange when it comes to their contribution of capital, profits, and capital gains within the territory of China.

4.7 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.

4.7.1 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 numbers 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, protection 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'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 contracts based on the completion of certain tasks. For labor contracts whose terms exceed three months but are less than one year, the probation period may not exceed one month; for labor contracts whose terms are more than one year but less than three years, the probation period may not 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 may not 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.

4.7.2 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. A laborer who is required to extend working hours beyond the legal standard in accordance with the law shall be paid no less than 150% of the hourly wage stipulated in the labor contract; a laborer who is required to work on a rest day (usually Saturday and Sunday) in accordance with the law and compensatory leave cannot be arranged shall be paid no less than 200% of the hourly or daily wage stipulated in the labor contract; a laborer who is required to work in legal holidays in accordance with the law shall receive additional pay at a rate of no less than 300% of the hourly or daily wage stipulated in the labor contract.

4.7.3 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. A laborer who has worked for more than one year and less than 10 years in total is entitled to five days' annual leave; a laborer who has worked for between 10 and 20 years is entitled to 10 days' annual leave; a laborer who has worked for 20 years or longer 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 the law.

4.7.4 Social Insurance and Housing Provident Fund

China's social insurance consists of basic old-age 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 the law to ensure that the employees 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.

Non-Chinese expatriates employed in China shall be covered by China's social insurance in accordance with the law.

If a person employed in China has the nationality of a country that has signed bilateral or multilateral agreements on social insurance with China, the person's 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*.

4.7.5 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.

4.7.6 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://fwp.safea.gov.cn>).

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)* (Wai Zhuan Fa [2017] No. 36). For details of the required materials, please refer to Section 6.4.1 of the *Guide*.

4.8 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 to most international intellectual property conventions.

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

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 has adopted 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), achieving the centralized and unified management of patents, trademarks, geographical indications, and layout designs of integrated circuits. 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 laws is under the jurisdiction of the Comprehensive Law Enforcement Team of Market Regulation. 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, 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.

In June 2022, with the approval of the State Council, CNIPA issued the *Plan for the Development of National Intellectual Property Protection Demonstration Zones*, proposing that by 2025, around 20 cities (regions) nationwide will have been 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 Pilots for 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.

In March 2023, the CPC Central

Committee and the State Council issued the *Plan on Reforming Party and State Institutions* to deepen the reform of State Council institutions and improve the intellectual property management system. The plan also aims to accelerate the construction of an intellectual property rights powerhouse, comprehensively improve the level of intellectual property creation, application, protection, management and services, and transform the role of CNIPA from a national organization under the State Administration for Market Regulation to a directly affiliated institution of the State Council. The enforcement of patent and trademark laws is still under the jurisdiction of the Comprehensive Law Enforcement Team of Market Regulation, and shall receive professional guidance from CNIPA.

The public security organs are responsible for the criminal enforcement of intellectual property rights. In June 2019, the Ministry of Public Security set up the Food and Drug Crime Investigation Bureau to integrate and strengthen the responsibilities originally assigned to different police forces in cracking down on infringements of intellectual property rights, sales of fake and shoddy products, and food and drug crimes, so as to effectively enhance the effectiveness of combating infringements and counterfeits. For six consecutive years, the Ministry of Public Security has organized public security organs nationwide to carry out the Kunlun actions. A total of 160,000 criminal cases involving infringements of intellectual property rights and production and sales of fake and shoddy products have been filed and investigated, striking hard and maintaining high pressure on these crimes. In their work, the public security organs adhere to a property rights protection system with fairness as the basic principle,

give equal protection to the legitimate rights and interests of various market entities such as state-owned and private enterprises, domestic and foreign-invested enterprises, as well as micro, small, medium and large enterprises, and actively create a world-class business environment that is market-oriented, law-based, and internationalized.

4.9 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, administrative 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.).

Administrative reconsideration organs consist of governments at and above the county level and other administrative organs (including relevant departments under the State Council, customs departments, financial departments, foreign exchange administrations and other administrative organs, taxation departments, and national security organs) that perform administrative reconsideration duties in accordance with the *Law of the People's Republic of China on Administrative Reconsideration*

(hereinafter referred to as the "*Law*"). The administrative reconsideration department of an administrative reconsideration organ is in charge of administrative reconsideration work. The *Law* shall be applicable to cases where citizens, legal persons or other organizations apply to administrative organs for administrative reconsideration when they consider that certain specific administrative acts infringe upon their lawful rights or interests, and where administrative organs accept the applications and make decisions after administrative reconsideration.

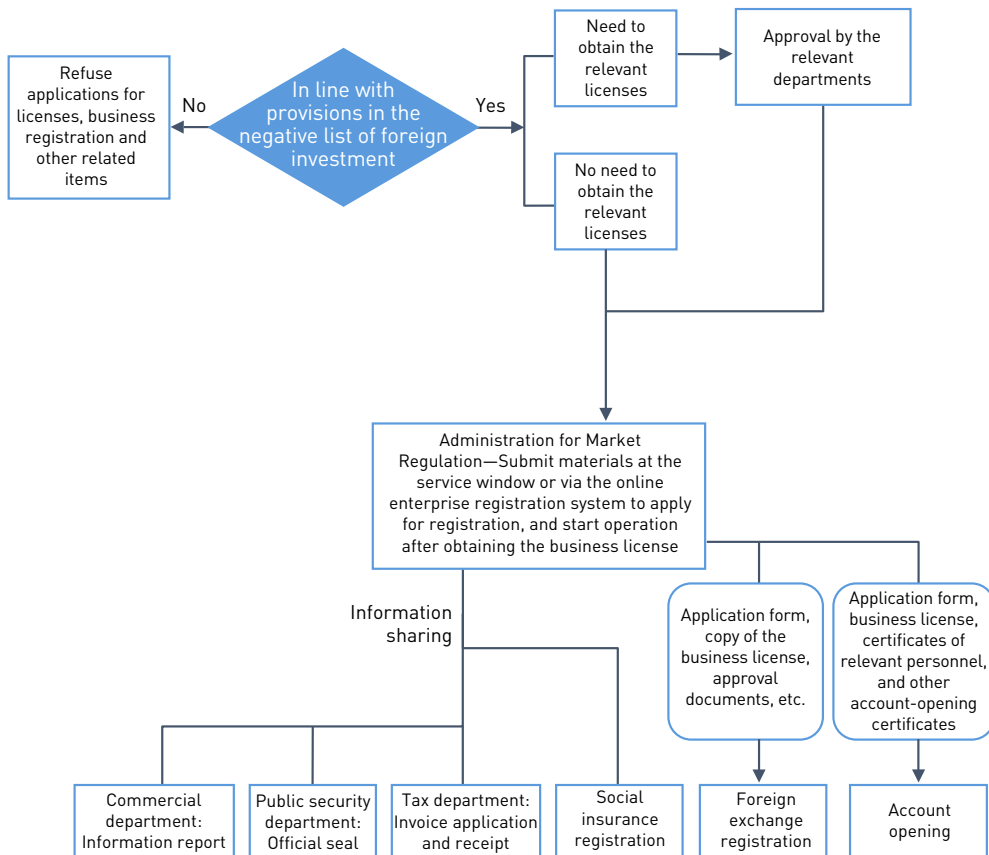
China has an international arbitration mechanism. It has set up 282 arbitration institutions with a team of over 50,000 arbitrators, including more than 2,000 Hong Kong, Macao, Taiwan and international arbitration experts. Beijing, Shanghai, Guangdong, and Hainan are committed to building international commercial arbitration centers. The China International Economic and Trade Arbitration Commission (CIETAC), China Maritime Arbitration Commission (CMAC), Beijing Arbitration Commission (BAC), Shanghai Arbitration Commission (SHAC) 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, judicial mediation, and professional industry mediation (including 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.

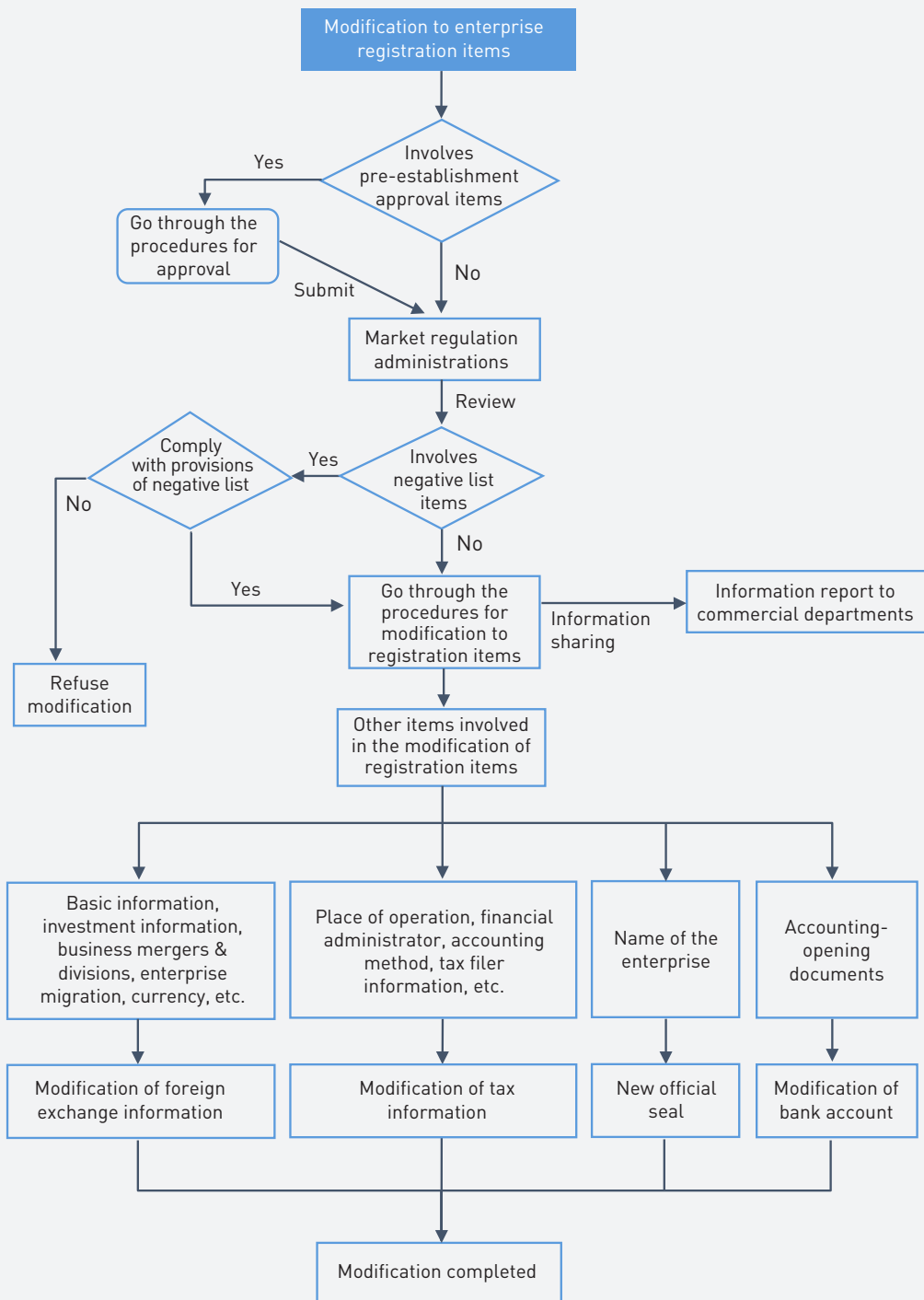
5. Procedures for Foreign Investment

5.1 Enterprise Incorporation/Modification

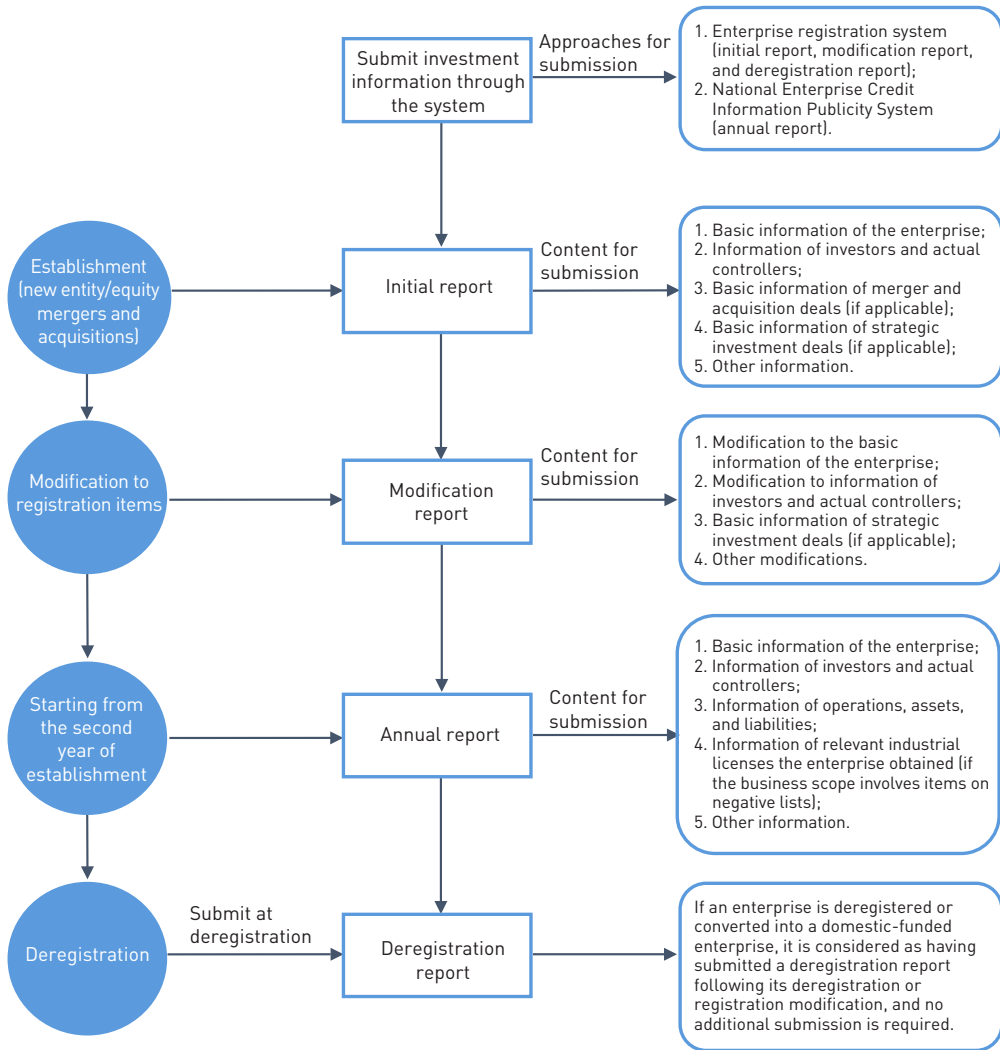
5.1.1 Enterprise Incorporation



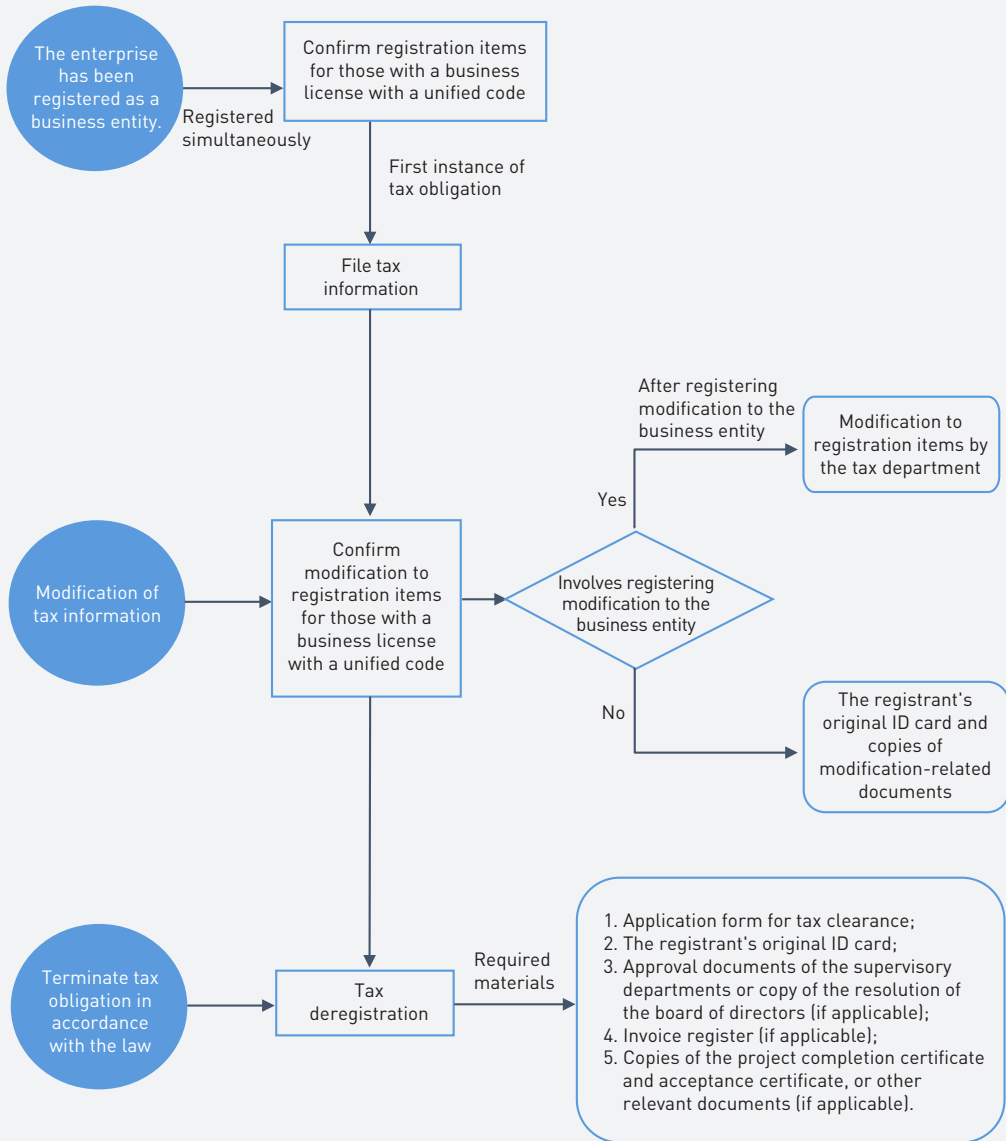
5.1.2 Enterprise Modification



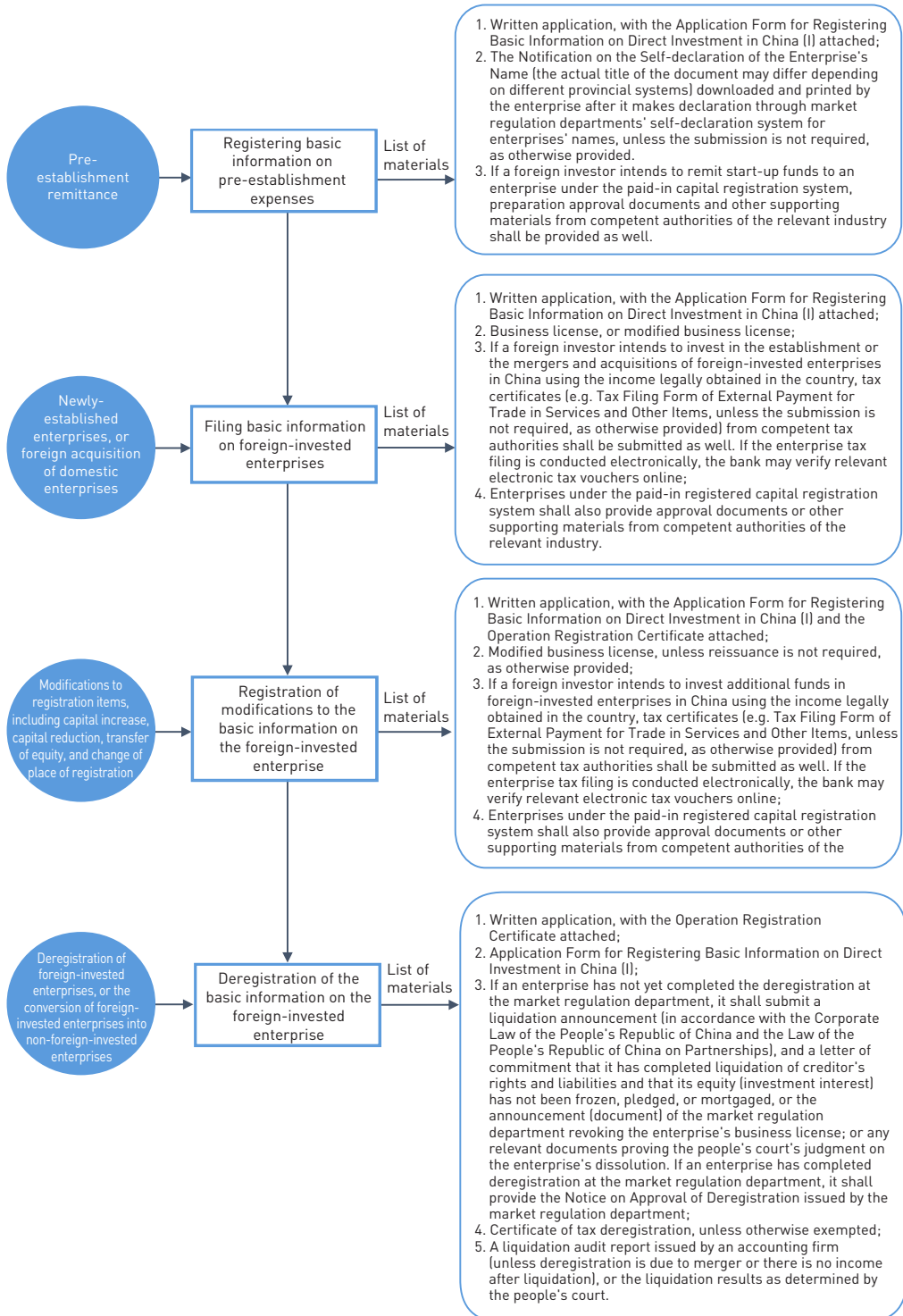
5.1.3 Enterprise Information Report



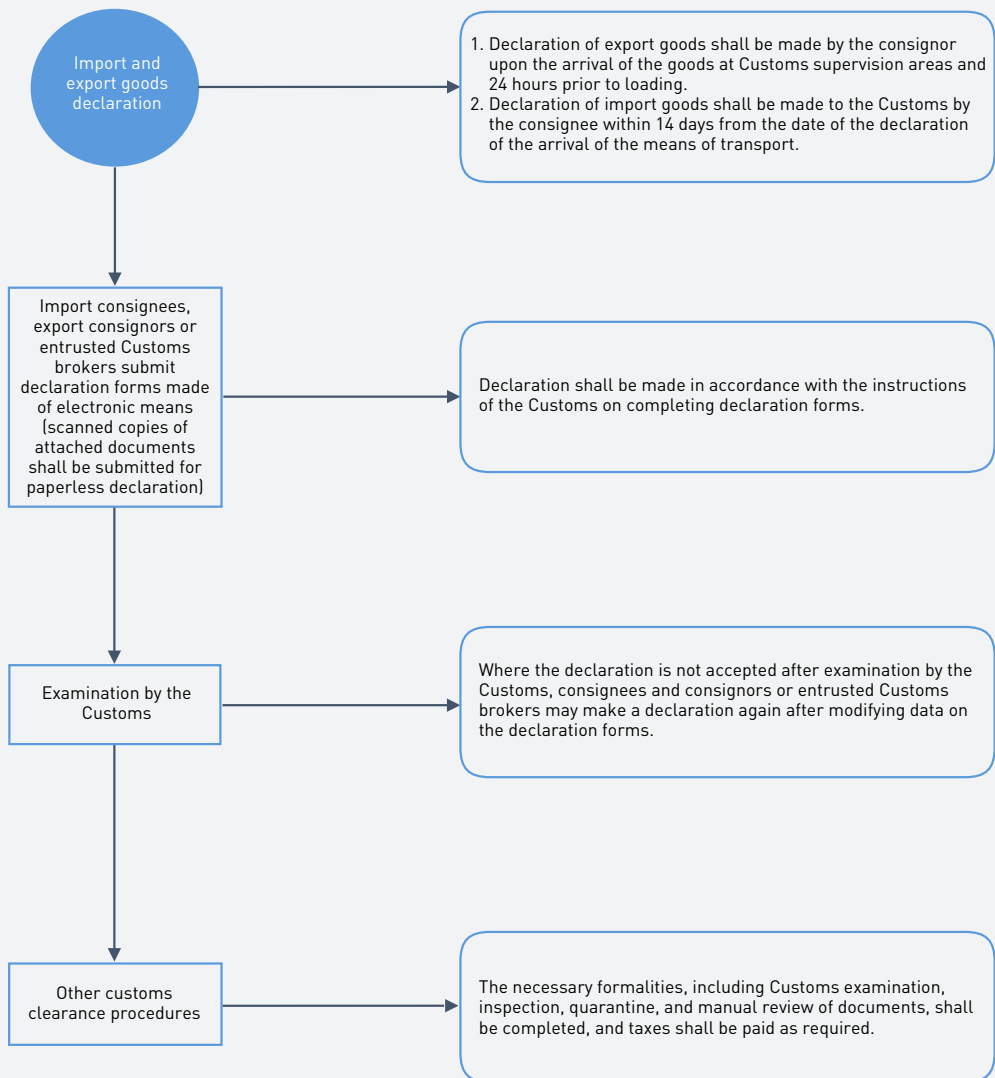
5.2 Taxation



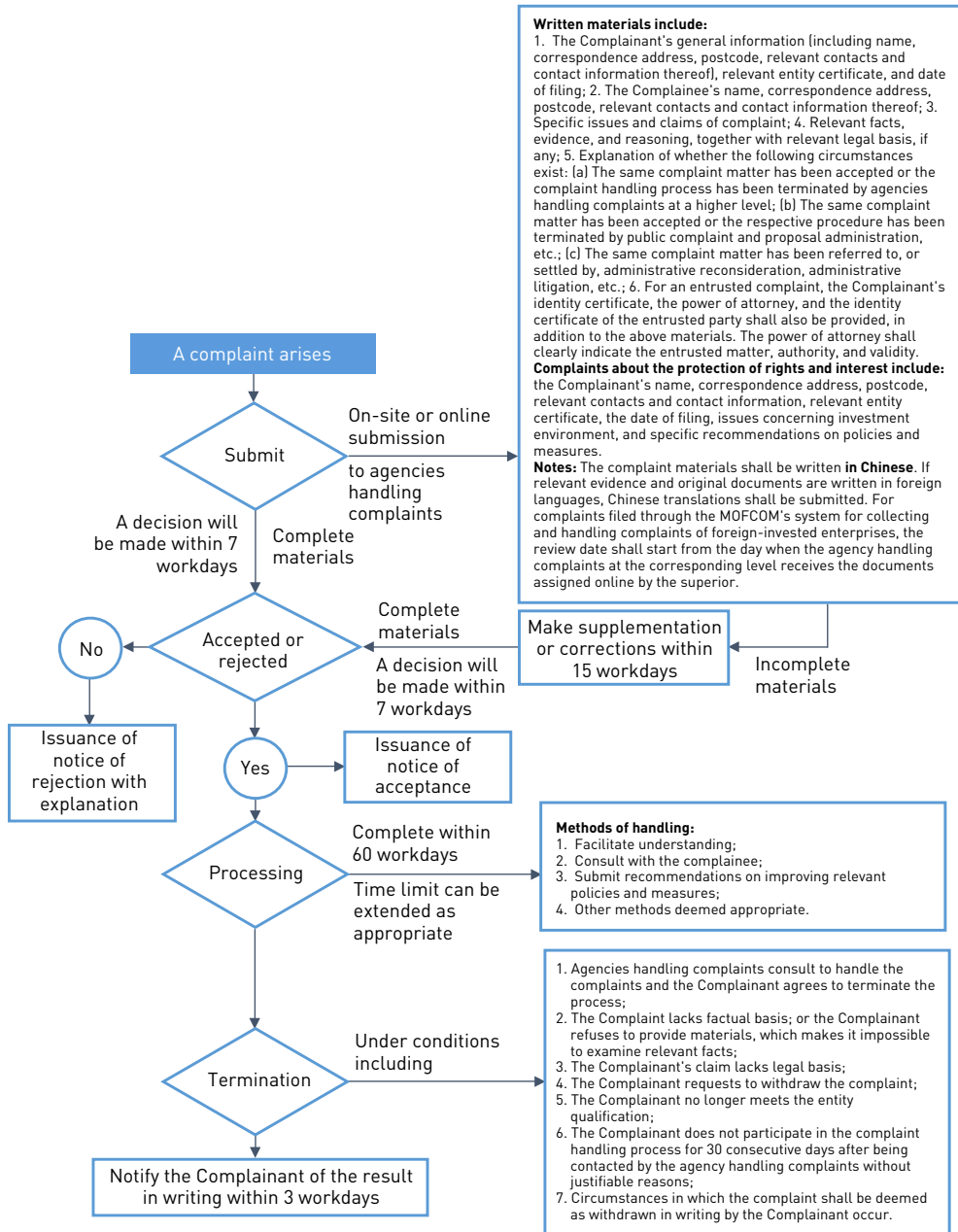
5.3 Foreign Exchange



5.4 Customs



5.5 Complaint Management for Foreign-invested Enterprises



Notes:

This procedure is based on the Rules on Handling Complaints of Foreign-Invested Enterprises.

- The "Complainant" refers to foreign-invested enterprises and foreign investors.
- "Complaints" include:
 - The Complainant alleges that their legitimate rights and interests have been infringed upon by the administrative actions of administrative bodies and their staff members;
 - The Complainant reports issues concerning the investment environment and suggests improvements of relevant policies and measures to agencies handling complaints.

The complaints do not include applications of the Complainant for coordination to settle civil and commercial disputes with other natural persons, legal persons, or other organizations.
- "Agencies handling complaints" include:
 - The National Center for Complaints of Foreign-Invested Enterprises;
 - Departments or institutions designated by local people's governments at and above the county level that are responsible for accepting complaints of foreign-invested enterprises.
- To submit a complaint application through the MOFCOM's system for collecting and handling complaints of foreign-invested enterprises, please select "Complaint" for the type of service.

6. Working and Living in China as Business Expatriates

6.1 Notes

6.1.1 Entering China as Business Expatriates

Those who intend to enter China as business expatriates shall apply for visas at the embassies and consulates of the People's Republic of China in foreign countries and other missions overseas commissioned by the Ministry of Foreign Affairs. Those who want to enter China due to emergencies and have no time to apply for a visa at the embassies and consulates of the People's Republic of China in foreign countries may apply for a port visa to the visa-issuing authority of the intended port of entry. In case of visa extension, change and reissuance and stay/residence permit affairs during your stay in China, foreigners can apply to the exit and entry administration authority of local public security organs.

6.1.2 Residence Registration Needs to be Completed after Entry into China as Soon as Possible

(I) For foreigners staying in a hotel, residence registration can be handled by the hotel.

Foreigners can register residence by presenting a valid passport or other international travel documents at the hotel reception.

(II) Foreigners, who stay elsewhere, need to register residence at the local police station within 24 hours after arrival.

Foreigners can register residence at

the local police station by presenting a valid passport or other international travel documents, along with the rental contract or immovable property rights certificate.

6.1.3 Matters Requiring Special Attention

(I) Validity period of visa

Foreigners, who enter China with a visa and plan to work and live in China, need to apply for a residence permit within 30 days from the date of entry according to relevant requirements. If an extension of the duration of stay specified in the visa is required, the application should be submitted to the exit and entry administration authority of the public security organ of the local people's government at or above the county level in the place of residence, at least 7 days before the expiration of the duration of stay specified in the visa, with the relevant materials relating to the purpose of the application.

(II) Validity period of residence permit

Foreigners, who need to stay in China after the expiration of residence permits, shall apply for an extension 30 days before the expiration. Foreigners, who hold a valid residence permit and have changed passports or had other items on the residence permit changed, shall apply to the exit and entry administration authority of public security organs for information change within 10 days from the date the changes occur.

(III) Validity period of work permit

1. Foreigners working within China should obtain a work permit. Those

who work in China for no more than 90 days shall apply for a Z visa from the Chinese embassy (consulate) with the *Notification Letter for Foreigner's Work Permit*, and work in China within the time indicated on the visa. Those who work in China for more than 90 days shall apply for a Z visa from the Chinese embassy (consulate) with the *Notification Letter for Foreigner's Work Permit*, and apply to the administration department of foreigners working in China where the employer is located for a *Foreigner's Work Permit* within 30 days from the date of entry, and work in China within the validity period of the work permit.

2. An application for an extension shall be submitted to the administration department of foreigners working in China where the employer is located 30 days before the expiration of the *Foreigner's Work Permit*.

3. In case of any change in personal information (name, passport number, and position), an application for changes shall be submitted to the administration department of foreigners working in China where the employer is located within 10 working days from the date the changes occur.

(IV) Others

1. Foreigners must abide by the laws and regulations of China when writing comments on social media in China.

2. Foreigners must comply with relevant regulations when keeping dogs, cats, and other pets.

3. Foreigners are not allowed to photograph military installations, including buildings, sites, and facilities directly used by China for military purposes.

6.1.4 How to Get Help in Case of Emergencies

In case of personal assault or property crimes, please call 110.

In case of fire, please call 119.

In case of first aid, please call 120.

In case of passport loss, please report it to the local police station immediately.

When foreign business expatriates encounter difficulties in applying for visas, you can call the 24-hour hotline of the 12367 service platform established by China's National Immigration Administration (NIA) to learn about relevant policies, or log in to the website of China Consular Affairs, the websites of China's embassies and consulates abroad, the official website of the NIA and the websites of the exit and entry administration authority of local public security organs to inquire about the application for temporary business entry visas.

6.2 Daily Life Services

6.2.1 SIM Card

(I) Foreigners can bring your passports or Foreign Permanent Resident ID Cards to the service offices of telecom operators such as China Telecom, China Mobile, China Unicom, and China Broadnet, to apply for a SIM card and activate mobile communication services in China.

(II) The mobile communication service plans usually include call time and data. Different operators will provide different service plans according to customers' needs, and users can choose the appropriate one.

Note: The plans often offer a limited amount of data. You can disable internet access when not using internet services if the data offered is little. Or, you are suggested to consult the telecom operator for an appropriate data plan if you need to use a large amount of data.

6.2.2 Bank Card

(I) Foreigners can bring valid ID documents stipulated by laws and administrative regulations, such as passports or Foreign Permanent Resident ID Cards, to the outlets of commercial banks to apply for a bank card (please consult the customer manager of the outlet for specific requirements).

(II) Foreigners shall fill in the account opening application form before applying for a bank card.

(III) It is recommended to download the mobile banking APP of the corresponding bank when applying for a bank card.

(IV) Foreigners shall keep the bank cards secure, to avoid loss or unauthorized use by others or criminals. In case of card loss, please report it to the corresponding bank in time.

6.2.3 Mobile Payment

(I) Foreigners can download and install WeChat or Alipay APPs and follow the instructions to input foreign or Chinese mobile phone numbers for account registration.

(II) Foreigners can bind the APP with international bank cards with the Mastercard, Visa, American Express, JCB, Diners Club, and Discover logos or Chinese bank cards with the logo of UnionPay.

(III) Foreigners can scan the collection QR code or show the payment QR code when making payments.

Notes for binding international bank cards:

1. When binding an international bank card to Alipay or WeChat, it is necessary to obtain authorization from the foreign issuing bank. However, some issuing banks may reject the binding request due to their system's inability to recognize the connection information or business risk

management assessment. In such cases, it is advisable to contact the issuing bank's customer service center or consider using a Chinese bank card instead.

2. When using Alipay or WeChat for QR code payments through the bound international bank card, users are not required to pay an additional service fee if the transaction amount does not exceed RMB200; or, users need to pay a service fee at 3% of the transaction amount if the amount exceeds RMB200.

3. Alipay and WeChat have set transaction limits for bound international bank cards, with an annual limit of USD50,000 and a single transaction limit of USD5,000. It is recommended that users who have bound international bank cards to the APPs consider your specific use cases before using mobile payment.

(IV) Users of AlipayHK and Wechat pay HK (HKSAR of China), mPay (Macao SAR of China), Kakao Pay (Republic of Korea), Touch'n Go eWallet (Malaysia), HiPay (Mongolia), Changi Pay (Singapore), OCBC (Singapore), Naver Pay (Republic of Korea), Toss Pay (Republic of Korea), TrueMoney (Thailand), Kaspi.kz (Kazakhstan), and NayaPay (Pakistan) can make QR code payments through these e-wallets to Alipay partner merchants in the Chinese mainland.

6.2.4 Exchange of Foreign Currencies

(I) Overseas visitors to China can exchange foreign currencies for RMB cash in advance in relevant countries or regions before bringing it into China (each visitor is allowed to take up to RMB20,000 in cash in or out of the country).

(II) Overseas visitors to China can exchange foreign currencies for RMB cash at outlets of commercial banks, money changers, and self-service currency

exchange machines at international airports, land ports, ports, and other entry ports, or withdraw RMB cash using overseas bank cards at ATMs.

6.2.5 Transportation

(I) Train

1. Ticket purchase

(1) Using identification documents. Foreign travelers can use the following valid identification documents when purchasing tickets or paying for the extended trip at the railway station's ticket office and ticket agents, or on trains: Foreign Permanent Resident ID Card; passport; foreigner's exit-entry permit; seafarer's certificate; receipt of acceptance of a visa application issued by the exit and entry administration authority of the public security organs of China; passport loss report certificate; temporary international travel document issued by embassies and consulates in China (with valid visas or stay certificates issued by the exit and entry administration authority of the public security organs of China attached). Foreign travelers can use your Foreign Permanent Resident ID Cards and passports to purchase tickets through the 12306 website, 12306 APP, or booking hotline. Foreign travelers can also use your Foreign Permanent Resident ID Cards to purchase tickets at the self-service machines.

(2) Identity verification. To ensure safe and orderly passenger transport, China's railway operator implements real-name ticketing according to relevant regulations. Foreign travelers must complete identity verification before purchasing tickets. You can log in to the 12306 website or APP to fill in your name, nationality, ID number, and other information following the instructions. The system will automatically complete identity verification. Or, you

can upload a photo of the passport information page for manual verification. You can also take valid passports to the ticket office at the railway station for identity verification.

(3) Ticket purchase. After the identity verification, foreign travelers can purchase tickets. You can purchase tickets online through the 12306 website or APP and pay by Alipay, WeChat, or UnionPay bank cards. You can also purchase tickets at the ticket office at the railway station and pay in cash or by Alipay, WeChat, or UnionPay bank cards. Some railway stations also have self-service machines for ticket purchase.

2. Ticket change

Foreign travelers can change your tickets at the 12306 website and APP, or the ticket office at the railway station.

3. Ticket refund

Foreign travelers can cancel your tickets at the 12306 website and APP, or the ticket office at the railway station. Service fees may be incurred depending on the time of cancellation.

4. Railway station entry/exit and train boarding

Foreign travelers can enter and exit the railway station through automatic or manual ticket check gates with the original valid identification documents used when buying tickets, and cooperate to complete ticket verification on the way.

For details of relevant rules, please visit the 12306 website or APP, or call China Railway customer service hotline (12306) for consultation.

12306 website: <https://www.12306.cn/en/index.html>

(II) Airplane

Foreign travelers can book tickets online on the airline's official APP and WeChat mini program, or other ticketing platforms.

1. Ticket purchase

(1) Foreign travelers can buy tickets on the airline's official app and WeChat mini program and pay by Alipay, WeChat, or UnionPay bank cards.

(2) You can also buy tickets at the airport and pay in cash or by WeChat, Alipay, or UnionPay bank cards following the regulations of the airline.

2. Ticket change and refund

Foreign travelers can change or refund your tickets through the ticketing platform or at the airport. Fees may be incurred, which is subject to the regulations of the airline.

(III) Metro

A total of 54 cities in China have metro lines. Foreign travelers can buy single-journey tickets at the ticket office or self-service ticketing machine of the metro station. Frequent travelers can buy metro passes at the ticket office of the metro station with your passports. You can make payments for tickets or passes in cash or by WeChat or Alipay.

You can also use Alipay APP, WeChat APP and Cloud Quick Pass APP to take the metro. Take using Alipay APP to take the metro as an example. You can open the Alipay APP on your mobile phones, click on "Transport", and select "City". After completing identity verification, you will obtain a QR code for the metro pass. You can enter and exit the metro station by having the QR code scanned.

(IV) Bus

Foreign travelers can pay in cash or by bus cards or the Alipay APP to take the bus.

1. Foreign travelers can pay in cash (RMB) to take buses. Buses usually do not provide change, so travelers need to prepare small change in advance.

2. Foreign travelers can take your passports to the service outlets of the

bus companies to buy bus cards. Payment for the cards can be made in cash or by WeChat or Alipay.

3. Take using the Alipay APP to take the bus as an example. Foreign travelers need to open the Alipay app, click on "Transport", and select "City". After completing identity verification, you will obtain a QR code for buses. You need to have the QR code scanned when getting on and off the bus.

(V) Online ride-hailing services

Foreign travelers can use Alipay, WeChat or Didi-Greater China APP to book online ride-hailing services.

1. Foreign travelers can open the Alipay APP, click on "Transport", select "Taxi", and enter both the pickup location and the destination to book a ride-hailing service.

2. Foreign travelers can open the WeChat APP, click on "Me", select "Services", scroll down and click on "Mobility" or "Ride Hailing", and enter both the pickup location and the destination to book a ride-hailing service.

3. Download Didi-Greater China APP, which supports foreigners to use foreign mobile phone numbers and international credit cards to register, and book online ride-hailing services once registered. Open Didi-Greater China APP, confirm the pickup location and the destination, select the preferred services (Express, Taxi, Premier, Luxe), and book a ride-hailing service.

(VI) Car leasing services

Foreign travelers can rent cars at international airports and downtown service outlets. You can also use car leasing APPs or search for "mini programs for car leasing" on Alipay or WeChat. Once registered, you can make a reservation for car leasing.

1. Foreign travelers who are going to rent cars need to bring your passports

or Foreign Permanent Resident ID Cards, valid Chinese driver's licenses, and international or domestic credit cards.

Note: Foreigners renting a car for the first time need to have your identity document verified at least one working day in advance.

2. Foreign travelers applying for Chinese Provisional Driving Permits for compact cars must take your passports, overseas driver's licenses with a Chinese translation, recent one-inch half-length, bareheaded, full-faced color photos against a white background, and other necessary documents to public security traffic management service halls. Foreigners who enter China for a short-term stay can apply for Provisional Driving Permits with a validity period of 3 months. For those who intend to stay longer than 3 months, the validity period can be extended to a maximum of one year. The permits can be used whenever the holders reenter China during the validity period without the need for reapplication.

Note: China has signed agreements for mutual recognition and exchange of driver's licenses with France, Serbia, Belgium, and the United Arab Emirates. This allows individuals holding driver's licenses from the aforementioned countries to obtain Chinese driver's licenses without taking a test.

6.2.6 Accommodation

Foreign travelers can make hotel reservations online through the Trip.com APP or via telephone or other means.

(I) Foreign travelers who are going to stay in hotels are required to present your passports, Foreign Permanent Resident ID Cards, and other valid identification documents for registration at the hotel reception.

(II) The available payment methods at

the hotel include cash (RMB), bank card, Alipay, and WeChat. If foreign travelers wish to pay with bank cards, you need to inquire in advance if Mastercard, Visa, or other international bank cards are accepted. Some hotels accept such payment methods as Apple Pay and PayPal; foreign travelers need to inquire in advance before making a payment.

6.3 Services for Stay and Residence in China

6.3.1 Visa Extension

For foreigners entering China with a visa, if the original reason for entry has not yet been terminated or if for other legitimate reasons that require you to stay beyond the expiration date specified in the visa without the need to change the type of visa, you may apply for extending the visa. Documents required for visa extension are as follows:

(I) Valid passports or other international travel documents;

(II) A completed Foreigner Visa Application Form, and a 33×48 mm bareheaded color ID photo taken recently against a white background (free on-site photography is available);

(III) Supporting documents concerning the reason for the visa extension application;

(IV) Supporting documents concerning other relevant procedures.

For the application documents required for visa extension, processing procedures and methods, fee basis and standards, etc., you can visit the official website of China's National Immigration Administration and refer to the Guide on Visa Extension, Change and Reissuance for Foreigners under "Services". The

requirements for the photos for travel documents can be found in the Guidelines for Travel Documents Photographs in the "Services" section. Additionally, you can find the office address and contact information of local exit-entry reception halls in "Office Enquiries" under "Services". You can also dial 12367 for further information.

6.3.2 Residence Permit

Foreigners who, after entering China, need to reside within the territory of the country due to reasons other than diplomatic or official matters shall apply for a residence permit and its extension, change or re-issuance at the exit and entry administration authority of China's public security organs to complete relevant formalities. For a foreigner who is a high-level talent or urgently-needed professional, or is under 16 years old or over 60 years old, or with disabilities due to illness or other reasons, the inviting entity/individual, families or relatives of the applicant or a specialized service agency may file the application on behalf of the applicant. Documents required for residence permit application are as follows:

(I) Valid passports or other international travel documents;

(II) A completed Foreigner Visa Application Form, and a 33×48 mm bareheaded color ID photo taken recently against a white background (free on-site photography is available);

(III) Supporting documents concerning the reason for the visa extension application;

(IV) Supporting documents concerning other relevant procedures.

For the application materials and requirements, the basic process and method of handling, the time limit and

other specific details about residence permit application, foreigners can visit the official website of China's National Immigration Administration and refer to the Service Guide on Issuance of Residence Permit for Foreigners under "Services". The requirements for the photos for travel documents can be found in the Guidelines for Travel Documents Photographs in the "Services" section. Additionally, you can find the office address and contact information of local exit-entry reception halls in "Office Enquiries" under "Services". You can also dial 12367 for further information.

Website of the National Immigration Administration: <https://www.nia.gov.cn>

6.4 Relevant Services for Work in China

6.4.1 Work Permit

Documents required for foreigners to apply for work permits are as follows:

(I) A completed Application Form for Foreigner's Work Permit;

(II) Supporting documents concerning work qualifications;

(III) Certificates of the highest academic degree (diploma) or relevant approved documents and professional qualification certificates authenticated by apostille (from member countries of the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents), or by Chinese embassies or consulates abroad;

(IV) Certificates of no criminal record;

(V) Physical health examination certificates;

(VI) Job contracts or certificates of employment (including letters of dispatch from multinational companies);

(VII) The applicants' valid passports or other valid international travel documents;

(VIII) The applicants' bareheaded, full-faced photos taken within 6 months;

(IX) Relevant supporting documents of the accompanying family members;

(X) Other relevant materials as may be required.

The method and place of handling: online applications submitted by the employers; local service centers for foreigners working in China.

6.4.2 Social Insurance

Foreigners who work in China shall access social security in accordance with the relevant provisions of 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.

■ Eligible individuals

(I) Individuals who are legally employed in China and have legally obtained the Foreigner's Work Permits, residence permits for foreigners, and Foreign Permanent Resident ID Cards.

(II) Individuals who have signed labor contracts with the employers within the territory of China and are paid by the employers, or those who have signed contracts with foreign companies and are dispatched to work in China, with your salaries paid by the employers within the territory of China.

(III) Individuals in the employment age (males aged 60 or below; females aged 55 or below).

■ Insurance payment

(I) If individuals who work within the territory of China just accessed social security, you shall pay the premiums from the month when you start to work in China;

(II) The insurance base pay and the share borne by employers for foreign

employees shall be the same as that of Chinese employees according to local standards.

■ Mutual exemption provisions

According to the website of the Ministry of Human Resources and Social Security of the People's Republic of China, China has signed social security agreements with many countries including Germany, the Republic of Korea, Denmark, Canada, Finland, Switzerland, the Netherlands, France, Spain, Japan, Serbia, and Luxembourg. Individuals who hold the nationality of a country that has concluded a social security agreement with China may be exempt from the obligation to pay insurance premiums for specified periods as stipulated in the agreement.

Places for handling social insurance: Government service halls or the service halls of bureaus of human resources and social security in the locality where the applicants work.

Website of the Ministry of Human Resources and Social Security: <http://www.mohrss.gov.cn>

6.4.3 Payment of Individual Income Tax

■ Residents and non-residents

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 pursuant to the provisions of the Individual Income Tax Law of the People's Republic of China.

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 aggregate of 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 pursuant to the provisions of the Individual Income Tax Law of the People's Republic of China.

■ Annual reconciliation for comprehensive income

Foreign nationals, who are tax residents of China and obtain comprehensive incomes from salary and wages, remuneration for personal services, author's remuneration and royalties in a tax year, shall fill in the Annual Individual Income Tax Return for Self-Filing and associated forms within the period from March 1 to June 30 of the following year, and do the annual tax reconciliation with the tax authority. Foreign nationals who meet one of the following conditions shall be exempted from the annual reconciliation of individual income tax:

(I) The conditions specified in the tax policy for exemption from the annual reconciliation are met;

(II) The amount of tax withheld matches with that of the tax payable;

(III) The conditions for refunding are met, but the claim of tax refunds is waived.

If foreign nationals are unsure whether the annual reconciliation needs to be done, you can seek guidance regarding relevant policies and assistance from the taxpayer service halls of local tax authorities.

Settlement channels: Local government service halls or tax authorities' taxpayer service halls, Individual Income Tax APP, and the Natural Person E-Tax Platform. Foreign nationals need to visit the local taxpayer service halls to apply for a registration code before the first-time

use of the Individual Income Tax APP or the Natural Person E-Tax Platform. Taxpayers can seek assistance from taxpayer service halls. Foreign nationals who are non-resident individuals are not required to deal with the annual reconciliation.

Website of the Natural Person E-Tax Platform: <https://etax.chinatax.gov.cn>

■ Enjoying preferential treatment under tax treaties

China has signed agreements on avoidance of double taxation with 114 countries (regions). Foreign nationals who are eligible for tax reductions or exemptions may judge by themselves the conditions for enjoying such treatment. You can choose to enjoy the treatment upon self-filing or through withholding agents, and relevant documentation shall be retained for future inquiries. For details of the agreements, please refer to the tax treaty section on the website of the State Taxation Administration.

Website of the tax treaty section: https://www.chinatax.gov.cn/chinatax/n810341/n810770/common_list_ssty.html

7. Overview of Provinces (Autonomous Regions and Municipalities)

7.1 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 53 Fortune Global 500 companies and 28,300 national-level high-tech enterprises, and ranks first in the world with over 470,000 active researchers. Its total financial assets account for nearly half of China's total, ranking first among all cities in the country. Beijing is a global leader in technological innovation, a high-end driver of economic growth, and a preferred destination for innovative talent. 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)

Beijing Municipality's Measures on Further Advancing Development of Foreign-funded R&D Centers (JZBF [2023] No. 19)

■ Key Industries

High, sophisticated and cutting-edge industries: new-generation information technology, medicine and health, intelligent connected new energy 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 services, information services, professional services, life services.

■ Contact Information

Beijing Municipal Commerce Bureau

Tel.: +86-10-55579777

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

Beijing Investment Promotion Service Center

Tel.: +86-10-89153747

E-mail: xxwh@invest.beijing.gov.cn

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

Beijing Municipal Task Force for Foreign Investment

Hotline: +86-10-55579343

7.2 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. Tianjin is accelerating the construction of a national advanced R&D and manufacturing base, a core area for international shipping in north 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 been accelerating the transformation and industrialization of scientific and technological achievements under the strategic guidance of the coordinated development of the Beijing-Tianjin-Hebei region, empowering industrial transformation and upgrading with IT application and intelligence technologies, and developing new quality productive forces according to local conditions. Tianjin is steadily developing into an international consumption center and a regional business center. 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. 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 (JSXG [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)

Several Measures of Tianjin on Further Improving the Foreign Investment Environment and Enhancing Efforts to Attract Foreign Investment (JZBF [2023] No. 36)

■ 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, automobiles, petrochemicals, 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 petrochemicals.

■ Contact Information

Tianjin Commission of Commerce

Tel.: +86-22-63085533

E-mail: sswjwzc@tj.gov.cn

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

Tianjin Municipal Investment Promotion Bureau

Tel.: +86-22-83453058

E-mail: cuiyi@tj.gov.cn

Tianjin Municipal Task Force for Foreign Investment

Hotline: +86-22-23300140

7.3 Hebei Province

■ Introduction

Hebei, or "Ji" for short, is located in north China, with Yanshan Mountains in the north, Yellow River in the south, Taihang Mountains in the west and flat fertile land in the east. As the only province in China to contain plateaus, mountains, hills, basins, plains, lakes, seashores and deserts, Hebei is known as a condensed "National Geography Book". Hebei now has jurisdiction over Shijiazhuang (the provincial capital), Chengde, Zhangjiakou, Tangshan, Qinhuangdao, Langfang, Baoding, Cangzhou, Hengshui, Xingtai, Handan, Dingzhou, Xinji and Xiong'an New Area. The province has an area of 188,000 square kilometers, a population of 74.2 million, and a coastline of 552 kilometers. Beijing Daxing International Airport, the largest airport in Asia, is located on the border of Beijing and Hebei. Besides, Hebei possesses seven airports in Shijiazhuang, Tangshan, Zhangjiakou, Handan, Beidaihe, Chengde and Xingtai. Three major ports of Tangshan, Huanghua and Qinhuangdao each have a cargo throughput topping 100 million tons, with Tangshan Port ranking second in the world with a cargo throughput of over 800 million tons. As of 2023, Hebei has 8,243 kilometers and 8,408 kilometers of railways and expressways in operation, ranking second and seventh in the country respectively. In 2023, its regional GDP reached RMB4.39441 trillion, and the total import and export value was RMB581.84 billion, and the actual use of foreign capital totaled USD1.75 billion.

■ Investment Promotion Policy

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 (JSWZZ [2021] No. 3)

Measures of Hebei Province for Handling Complaints of Foreign-invested Enterprises (JZBZ [2021] No. 107)

Several Measures for More Effective Attraction and Utilization of Foreign Investment (JZBZ [2023] No. 127)

■ Key Industries

It focuses on the development of six major industrial chains, including advanced steel, robotics, green chemicals, biomedicine, new-generation information technology, and new energy and intelligent connected vehicles.

■ Contact Information

Hebei Investment Promotion Service Center

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

7.4 Shanxi Province

■ Introduction

Shanxi, a province in central China known as "Jin", one important cradle of the Chinese nation, 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. It covers an area of 156,700 square kilometers with abundant natural resources. By the end of 2023, it has a permanent population of 34.6599 million and regional GDP of RMB2.57 trillion, up 5% year on year. 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 is sparing no effort to advance resource-based economic transformation and development, vigorously promoting the comprehensive reform pilot project of energy revolution, and accelerating the building of the province as a new pacesetter for inland opening up. The Taixin Integrated Economic Zone, the 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

Notice of the People's Government of Shanxi Province on Printing and Distributing Several Measures of Shanxi Province for Enhancing Efforts to Attract Foreign Investment (JZF [2023] No. 20)

Implementation Measures of Five Departments Including the Department of Commerce of Shanxi Province on Further Encouraging Foreign Investors to Establish R&D Centers (JSZ [2023] No. 204)

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

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)

■ Key Industries

Shanxi is accelerating the construction of modern industrial systems for such industries as manufacturing, energy, culture and tourism, healthcare, modern agriculture, modern services and digital

economy. It strives to build 16 provincial key industrial chains, involving 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, synthetic biology, new energy storage, comprehensive utilization of waste resources, carbon-based new materials, information technology integration application, copper-based new materials, and prefabricated buildings.

■ Contact Information

Department of Commerce of Shanxi Province

Tel.: +86-351-4082630

E-mail: waizichu_225@163.com

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

Shanxi Investment Promotion Bureau

Tel.: +86-351-4675511

E-mail: sxts666666@163.com

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

Shanxi Provincial Task Force for Foreign Investment

Hotline: +86-351-4082117

7.5 Inner Mongolia Autonomous Region

■ Introduction

The Inner Mongolia Autonomous Region is located in the northern frontier of China with Hohhot as its capital, spanning the northwest, north and northeast of China, bordering eight domestic provinces, Russia and Mongolia. Established in 1947, Inner Mongolia has a permanent population of 23.96 million. In 2023, its regional GDP came to RMB2.4627 trillion, a year-on-year increase of 7.3%. 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 zones, and five national cross-border e-commerce comprehensive pilot zones. On March 19, 2024, the establishment of the Mongolia-China Zamiin-Uud and Erenhot Economic Cooperation Zone was approved by the State Council. Various industrial 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 and Advance High-quality Industrial Development in 2024 (NZF [2024] No. 6)

Implementation Opinions of the General Office of the People's Government of Inner Mongolia Autonomous Region on Promoting High-quality Development of National Economic and Technological Development Zones (NZBF [2024] No. 5)

■ 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 chemicals, modern equipment manufacturing, biomedicine, digital economy, and modern services, 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 chemicals, rare earth new materials, non-ferrous metals, and biopharmaceuticals. In 2023, the added value of industries above the designated size increased by 7.4%. In breakdown, the added value of strategic emerging industries increased by 13.5%; that of the high-tech manufacturing increased by 11.4%; and that of the new energy equipment manufacturing increased by 11.4%.

■ Contact Information

Commerce Department of Inner Mongolia Autonomous Region

Tel.: +86-471-6945756

E-mail: nmgswtwzc@126.com

Website: <https://swt.nmg.gov.cn/>

Inner Mongolia Autonomous Region Task Force for Foreign Investment

Hotline: +86-471-6945904

7.6 Liaoning Province

■ Introduction

Located in the core area of Bohai Economic Rim and Northeast Asian

Economic Circle, Liaoning is the only province in northeast China that has both coastal and land borders. Liaoning, with a permanent population of 41.97 million, has jurisdiction over 14 prefecture-level cities (including Shenyang and Dalian, as sub-provincial cities), Shenyang Reform and Innovation Demonstration Zone, and 100 counties (county-level cities) and districts. With a solid industrial foundation, Liaoning is an important industrial base in China. It boasts complete industrial categories and systems, including 40 out of 41 major industrial categories in the national economy. Liaoning owns well-developed infrastructure, and the railway density and highway density rank among the top in China. It has six ports including Dalian Port and eight civil aviation airports in Shenyang and other cities, with 453 air routes. Liaoning has abundant scientific and educational resources with 114 colleges and universities, 6 research units of the Chinese Academy of Sciences, 1,613 research institutions and 11 national key laboratories. In the province, 25 disciplines and professional research areas such as metal materials, aero engines and industrial automation hold significant importance both at home and abroad. Liaoning enjoys beautiful natural scenery with a forest coverage rate of 35.27%. It has 432 rivers with a drainage area of 100 square kilometers or more. There is a complete range of mineral resources, with 128 kinds of minerals discovered. Magnesite is a globally dominant mineral, while iron ore, boron ore and talc ore are dominant minerals in China.

■ Investment Promotion Policy

Implementation Opinions of the General Office of the People's Government of Liaoning Province on Further Improving

the Level of Opening-up in the "New Breakthrough" Three-Year Action of Liaoning's Comprehensive Revitalization (LZBF [2023] No. 7)

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 focuses on building modern industrial systems and accelerating the development of 4 industrial bases worth over RMB1 trillion in such fields as advanced equipment manufacturing, petrochemicals and fine chemicals, new metallurgical materials, and high-quality characteristic consumer goods, and 22 key industrial clusters. Liaoning's equipment manufacturing industries feature CNC machine tools, industrial robots, power transmission and transformation equipment, metallurgical mines, general petrochemical equipment, general aviation, automobiles and shipbuilding, and the raw material industries feature petrochemicals and steel which hold a dominant position and command high market shares in China. The province has a strong industrial foundation and technological advantages in the fields of new materials, fine chemicals, intelligent equipment manufacturing, semiconductor chips, etc. As one of the three key regions for China's integrated circuit equipment industry, Liaoning has developed a

large number of key materials for major national projects and equipment in such fields as spaceflight, aviation, shipbuilding and nuclear power.

■ Contact Information

Department of Commerce of Liaoning Province

Tel.: +86-24-86892459

Website: <https://swt.ln.gov.cn/>

Liaoning Provincial Task Force for Foreign Investment

Hotline: +86-24-86904200

7.7 Jilin Province

■ Introduction

Jilin, or "Ji" for short, is located in the central part of northeast China and in the geographical center of Northeast Asia. As one of the nine border provinces in China, it lies near the coast and serves as an important gateway for the country's northward opening up under the Belt and Road Initiative. It borders Russia to the east and faces North Korea across the river to the southeast. The total population has reached 23.394 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". 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 the Biosphere Programme" nature reserve by the United Nations. Jilin ranks 6th in the country for the total value of ecological resources, and it is the only province in China that gets full marks in the evaluation of forest resources. Additionally, its

air quality is among the best in the country. 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 higher educational institutions. In Jilin, there are about 821,500 undergraduates in regular higher education institutions and vocational colleges, 448,300 undergraduates in adults higher education institutions, and 101,300 postgraduates. It has 24 academicians of the Chinese Academy of Sciences and the Chinese Academy of Engineering. There are 11 national (state) key laboratories, 155 provincial key laboratories, and 220 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)

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)

Support Policies for Promoting High-standard Opening-up in Jilin Province printed and distributed by the General Office of the CPC Jilin Provincial

Committee and the General Office of the People's Government of Jilin Province

Qualification Examination Measures for Foreign-invested R&D Centers in Jilin to Enjoy the Import Taxation Policy Supporting Scientific and Technological Innovation (JSWZG [2021] No. 3)

Implementation Opinions of Jilin on Further Improving the Foreign Investment Environment and Enhancing Efforts to Attract Foreign Investment (JSWZ [2023] No. 13)

■ Key Industries

Jilin is vigorously promoting the "four-six-four" new industrial pattern: cultivating four clusters for agriculture, equipment, tourism, and big data; developing six industries of new energy, new materials, new medicine, new healthcare, new services, and new e-commerce; building facilities in four areas, namely new infrastructure, new environment, new living facilities, and new consumption. The province is accelerating the construction of a number of major projects such as "Onshore Scenery of Three Gorges", "Energy Storage of Three Gorges", the large water network, the green water corridor, and the open tourism channel along the border. The scale of Jilin's automobile industry, agricultural products processing industry and food industry as well as its tourism income are growing towards or above the level of RMB1 trillion. It aims to expand the scale of five competitive industries, each with the output value exceeding RMB100 billion: petrochemicals, medicine and health, metallurgy and construction materials, equipment manufacturing, and electronic information. It tries to cultivate seven emerging industrial clusters of ice and snow, new automobiles, new materials, new energy, commercial satellites,

biomedicine and general aviation, and speed up the development of six modern services sectors, namely modern logistics, financial services, R&D and design, commercial circulation, cosmetic medicine, and leisure and healthcare. Besides, it is proactively laying out four future industries of new display materials, laser communications, artificial intelligence, and quantum technology, and creating a new industrial structure featuring multiple pillars, various industries and diverse development.

■ Contact Information

Department of Commerce of Jilin Province

Tel.: +86-431-88787687

E-mail: jlszwz@163.com

Website: <http://www.jl.gov.cn/szfzt/tzcj/>

Jilin Provincial Task Force for Foreign Investment

Hotline: +86-431-82858172/88787687

7.8 Heilongjiang Province

■ Introduction

Located in the core area of Northeast Asia, in the northeast of China, Heilongjiang is an important gateway 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 enormous opportunities for investment and entrepreneurship, with huge 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 talent. For more information, please refer to the *Investment Guidelines of Heilongjiang Province*.

■ Investment Promotion Policy

Notice on Printing and Distributing Several Measures of Heilongjiang Province on Further Improving the Foreign Investment Environment and Enhancing Efforts to Attract Foreign Investment (Office of Heilongjiang Provincial Task Force for Foreign Investment, December 21, 2023)

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, chemicals, food, medicine, automobiles, and light industry, and accelerating the development of seven services sectors of information services, modern finance, modern logistics, service-oriented manufacturing, tourism and healthcare, elderly care and childcare, and culture and entertainment.

■ Contact Information

Department of Commerce of Heilongjiang Province

Tel.: +86-451-87708134

E-mail: wzglc2019@163.com

Website: <https://sswt.hlj.gov.cn/>

Heilongjiang Provincial Task Force for Foreign Investment

Hotline: +86-451-87708127

7.9 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 focuses on the important mission of building an international center of economy, finance, trade, shipping and technological innovation. It strives to accelerate the development of a socialist modern metropolis with global influence, led by technological innovation, driven by reform and opening up, guided by major national strategies, and supported by the modernization of urban governance. It fully leverages its leading and exemplary role in advancing Chinese modernization, and has been rated as one of the Most Attractive Chinese Cities for Expats for 13 consecutive years. As of the first half of 2024, multinational companies had set up 985 regional headquarters and 575 foreign-invested R&D centers in Shanghai. As efforts have been made to strengthen its function of gathering and allocating global resources, Shanghai retains its position as the city with the highest concentration of multinational company regional headquarters in the Chinese mainland.

■ Investment Promotion Policy

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

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

Several Measures of Shanghai Municipality on Enhancing Efforts to Attract and Utilize Foreign Investment (HFBG [2023] No. 11)

Implementation Plan on Further Improving the Foreign Investment Environment and Enhancing Efforts to Attract Foreign Investment (HSWZ [2024] No. 157)

■ Key Industries

Shanghai promotes industrial innovation with scientific and technological innovation, focuses on intelligent, green and integrated development, and accelerates the construction of a modern industrial system featuring "(2+2) + (3+6) + (4+5)". "2+2" refers to two-industry integration and two transformations, i.e. promoting the integration of advanced manufacturing and modern services, and realizing digital transformation and green and low-carbon transformation; "3+6" refers to vigorously developing the three leading industries of integrated circuits, biomedicine and artificial intelligence and the six key industries of electronic information, life health, automobiles, high-end equipment, advanced materials and fashion consumer goods; "4+5" refers to proactively laying out four new industries including digital economy, green and low-carbon development, metaverse and intelligent terminals, as well as five future industries involving future health, future intelligence, future energy, future space

and future materials, so as to vigorously develop new quality productive forces.

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Shanghai Municipal Task Force for Foreign Investment

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7.10 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 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 contributed more than 10% of the country's 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 companies 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 2.5 million college students, and 51,000 high-tech enterprises. It is one of the regions in China that boast the most intensive innovation resources, the most dynamic innovation activities and the most fruitful achievements.

■ Investment Promotion Policy

Notice of Jiangsu Provincial People's Government on Printing and Distributing Several Policies and Measures on Promoting a Full Economic Recovery First (SZG [2023] No. 1)

Notice of Jiangsu Provincial Commission of Development and Reform and Other Departments on Printing and Distributing *Several Policies and Measures for Stabilizing and Improving Foreign Investment with Focus on Manufacturing* (SFGWZF [2023] No. 567)

Regulations of Jiangsu Province on Promoting and Protecting Foreign Investment (Adopted at the Fifth Session of the Standing Committee of the 14th Jiangsu Provincial People's Congress on September 27, 2023)

Notice of Jiangsu Provincial People's Government on Printing and Distributing Several Measures for Further Improving the Foreign Investment Environment and Enhancing Efforts to Attract Foreign Investment (SZF [2024] No. 14)

Notice of the Department of Commerce of Jiangsu Province and the Department of Finance of Jiangsu Province on Printing and Distributing the Opinions on Encouraging Multinational Corporations to Establish Regional Headquarters and Functional Institutions in Jiangsu (2024) (SSG [2024] No. 1)

■ 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, automobiles and parts, new displays, etc.

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Jiangsu Provincial Task Force for Foreign Investment

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7.11 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. It lies at the important intersection of the Silk Road Economic Belt and the 21st Century Maritime Silk Road and the golden position in the Yangtze River Delta region. In 2023, Zhejiang's total economic output exceeded RMB8 trillion to reach RMB8.2553 trillion, up 6.0% year on year. In 2023, the province's import and export value grew by 4.6% to reach RMB4.8998 trillion, with the export value soaring to second in China; its actual use of foreign

capital rose by 4.8% to reach USD20.23 billion, ranking among the top in China. As of 2023, Zhejiang has attracted the investment of 206 Fortune Global 500 companies.

■ Investment Promotion Policy

Guiding Opinions of the People's Government of Zhejiang Province on Further Strengthening Investment Promotion (ZZF [2022] No. 3)

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

Guiding Opinions on Encouraging the Establishment and Development of Foreign-invested R&D Centers (ZSWLF [2023] No. 81)

■ 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 services sectors with advanced manufacturing and modern agriculture, and of digital and real economies. The province solidly promotes the high-end, intelligent and green development of the manufacturing industry, and vigorously cultivates "415X" advanced manufacturing clusters. It focuses on the development of green petrochemicals, new energy vehicles and parts, intelligent Internet of Things, modern textiles and clothing, integrated circuits, high-end new materials, intelligent PV, biomedicine and medical devices.

■ Contact Information

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Zhejiang Provincial Task Force for Foreign Investment

Hotline: +86-571-87058222

7.12 Anhui Province

■ Introduction

Anhui Province was set up in the 6th year during the reign of Emperor Kangxi of the Qing Dynasty (1667). It is also commonly known as "Wan" because it is home to a mountain which used to be called Mount Wan and it was home to an ancient state named Wan during the Spring and Autumn Period. Located in central and east China, Anhui is the most dynamic part of the Yangtze River Delta. The province is about 570 kilometers long from north to south and 450 kilometers 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. The province serves as a bridge between the north and the south and fosters a cultural integration of the east and the west. It is the hometown of numerous talented people including Guan Zhong, the ancestor of business, and it is also known for the century-old legend of Huizhou merchants who continue to thrive. Anhui is endowed with unique advantages, benefiting from multiple national strategies such as the Belt and Road Initiative, the Yangtze River Delta integration, the Yangtze River Economic Belt and the strategy of boosting high-quality development in central China. It is not only the birthplace

of rural reform, but also a new highland for reform and opening up. Anhui embraces infinite business opportunities. It has gathered ten emerging industries such as new-generation information technology, intelligent connected new energy vehicles, and new materials, featuring complete industrial and supply chains. With tremendous potential, Anhui is one of the regions with the most dynamic economic development in China and even in the world. Within a radius of 500 kilometers, there lived nearly 30% of China's population, contributing to nearly 35% of the country's GDP, and accounting for nearly 40% of the domestic consumer market.

■ Investment Promotion Policy

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

Several Measures on Further Improving the Foreign Investment Environment and Enhancing Efforts to Attract Foreign Investment (Public Edition)

Implementation Plan of Anhui Province for Expanding, Keeping, and Improving Foreign Investment (Public Edition)

■ Key Industries

New-generation information technology, new energy and intelligent connected vehicles, digital creativity, high-end equipment manufacturing, new energy and energy conservation and environmental protection, green food, life health, smart home appliances (smart home), new materials, and artificial intelligence.

■ Contact Information

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Anhui Provincial Task Force for Foreign Investment

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7.13 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 west China. It has jurisdiction over nine cities with subordinate 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 2023, the permanent population was 41.83 million.

In recent years, Fujian has accelerated the generation of innovation growth driver, 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 2023, Fujian's regional GDP increased by 4.5% to reach RMB5.4 trillion; its per capita regional GDP expanded by 4.5% to reach RMB130,000, ranking 4th nationwide; the total import and export value was RMB1.97435 trillion, ranking 7th in the country; the actual use of foreign capital totaled USD4.31 billion, ranking 8th in the country; the foreign capital invested in manufacturing grew by 4.1%, an increase of 7.8 percentage points compared with the previous year. Up to now, over 70,000 foreign-invested enterprises have been established, the

actual use of foreign capital has exceeded USD123.1 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 the People's Government of Fujian Province on Printing and Distributing Several Measures of Fujian for Further Improving the Foreign Investment Environment and Enhancing Efforts to Attract Foreign Investment (MZ [2024] No. 1)

■ Key Industries

In order to strengthen industries with their output value reaching RMB1 trillion such as electronic information, mechanical equipment, petrochemicals, textiles, shoes and clothing, Fujian strives to attract projects to upgrade the upstream, midstream and downstream of the industrial chain. Focusing on cultivating and

strengthening new-generation information technology, new energy, new materials, biomedicine, low-altitude economy, data and other emerging industries, Fujian endeavors to attract industrial ecosystem-oriented "leading industrial chain" projects, cutting-edge technology R&D and application projects, etc. To accelerate the layout of future industries, the province will make efforts to attract projects in fields such as artificial intelligence, quantum technology, advanced semiconductors, hydrogen energy, deep-sea and aerospace development, and genetics and biotechnology. To facilitate the integrated development of industries, Fujian will attract projects in such fields as scientific and technological innovation platforms, supply chain platforms, e-commerce, commercial conventions and exhibitions, financial technology, creative design, and urban construction.

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Fujian Provincial Task Force for Foreign Investment

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7.14 Jiangxi Province

■ Introduction

Located in central China, Jiangxi is the only province adjacent to the Yangtze

River Delta, Guangdong-Hong Kong-Macao Greater Bay Area and Western Taiwan Straits Economic Zone. 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 the growth rates of its main economic indicators have all ranked among the top in China. In 2023, the regional GDP of Jiangxi totaled RMB3.22001 trillion, up 4.1% year on year. Jiangxi has accelerated the transformation and upgrading of traditional industries, expedited the development and growth of strategic emerging industries, vigorously implemented the "1269" action plan for the modernization of key industrial chains in the manufacturing industry, and made every effort to foster a business environment that is market-oriented, law-based, and internationalized.

■ Investment Promotion Policy

Notice of the People's Government of Jiangxi Province on Printing and Distributing the "1269" Action Plan for the Modernization of Key Manufacturing Industry Chains in Jiangxi Province (2023-2026) (GFZ [2023] No. 40)

Notice of the General Office of the People's Government of Jiangxi Province on Printing and Distributing the "Ten-Hundred-Thousand-Ten Thousand" Project Action Plan (2024-2026) to Implement Projects to Spur the Development of Jiangxi Province (GFTF [2024] No. 4)

Notice of the People's Government of Jiangxi Province on Printing and Distributing the Master Plan for Digital

Government Construction in Jiangxi Province (GFF [2023] No. 8)

Implementation Opinions of the People's Government of Jiangxi Province on Further Optimizing Government Services, Improving Administrative Efficiency, and Promoting "Efficient Completion of One Matter" (GFF [2024] No. 8)

Measures on Deepening the Reform to Delegate Power, Streamline Administration, and Optimize Government Services to Consolidate and Enhance Integrated Government Service Capacity (GFTZ [2023] No. 30)

Notice of the General Office of the People's Government of Jiangxi Province on Printing and Distributing Administrative Measures for Digital Project Construction in Jiangxi Province (GFTF [2023] No. 12)

■ Key Industries

Electronic information, non-ferrous metals, equipment manufacturing, new energy, petrochemicals, building materials, steel, aviation, food, textiles and clothing, medicine, modern furniture, etc.

■ Contact Information

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7.15 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 2023, the province's regional GDP reached RMB9.2 trillion, ranking third in China; the value-added output of industries above the designated size, fixed-asset investment, general public budget revenue and total foreign trade increased by 7.1%, 5.2%, 5.1% and 1.7% 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 RMB1.25 trillion, ranking first in China. With outstanding industrial advantages, the operating revenue of industrial enterprises above the designated size tops RMB11 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 and high-quality development, pilot free trade zones and China-SCO Local Economic and Trade Cooperation Demonstration Areas. Shandong has 140 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

Notice by the People's Government of Shandong Province of Issuing Several Measures of Shandong Province to Further Optimize the Environment for Foreign Investment and Make Greater Efforts to Attract and Use Foreign Investment (LZZ [2023] No. 179)

Incentive policies for major foreign-invested projects in Article 15 of, continued implementation of policies to encourage foreign creditor's right to be transferred into increased registered capital in Article 20 of, and safeguard policies for key foreign-invested projects in Article 28 of the *Notice of the People's Government of Shandong Province on Issuing the Policy List (First Batch) of Promoting Economic Consolidation and Accelerating Green, Low-carbon and High-quality Development in 2024 (LZF [2023] No. 13)*

Detailed Rules for the Implementation of Incentive Policies for Major Foreign-funded Projects in Shandong Province (LSZ [2024] No. 3)

Detailed Rules of Shandong Province for Implementation of Element Guarantee for Key Foreign-funded Projects (LSZ [2023] No. 135)

Implementation Opinions on Further Encouraging Foreign Investors to Establish R&D Centers (LSZ [2023] No. 87)

■ 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 chemicals,

modern efficient agriculture, culture and tourism, modern financial services and modern light industrial textiles.

■ Contact Information

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Shandong Provincial Task Force for Foreign Investment

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7.16 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 conditions, 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, and endeavored to create a situation of tripartite confrontation for scientific and technological innovation with Zhongyuan Science and Technology City, Central Plains Medical Sciences City and Zhongyuan Agricultural Valley as pillar platforms. It has fostered an opening-up pattern featuring coordination of silk roads across air, rail, sea, and online platforms, and collaboration

between Zhengzhou Airport Economy 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 2023, the province's GDP was RMB5,913.239 billion, up 4.1% year on year; its total import and export value was RMB810.79 billion, the actual use of foreign capital was USD750 million, and the total retail sales of consumer goods were RMB2.6 trillion, up 6.5%; the total grain output stood at 132.49 billion *jin* (66.245 billion kilograms), topping 130 billion *jin* (65 billion kilograms) for seven consecutive years.

■ 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 Development and Reform Commission of Henan Province, Department of Commerce of Henan Province, Department of Natural Resources of Henan Province, Department of Ecology and Environment of Henan Province and Local Financial Supervision and Administration Bureau of Henan Province on Further Strengthening Element Guarantee for Key Foreign-funded Projects in Henan Province (YFGWZ [2023] No. 622)

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 takes high-quality development of the manufacturing industry as the main direction, and regards the strengthening of "7+28+N" industrial chain clusters as the strategic support to promote new-type industrialization. It will build "7" advanced manufacturing clusters of new materials, new energy vehicles, electronic information, advanced equipment, modern medicine, modern food and modern light textiles, advance the cultivation and expansion of "28" key industrial chains of superhard materials and other sectors, and cultivate a number of ("N") specialized, sophisticated, distinctive and innovative industrial chains in subdivided fields. The "7+28+N" industrial chain clusters have gathered more than 70% of the province's key innovation platforms, and contributed more than 80% of the total import and export value and over 60% of the output value of industries above the designated size, becoming the main battlefield for Henan to promote new-type industrialization.

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Henan Provincial Task Force for Foreign Investment

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7.17 Hubei Province

■ Introduction

Located in central China and the middle reaches of the Yangtze River, Hubei lies in the geometric center of China's major economic zones and at the intersection of three "silk roads" across land, sea and air. It is the only province in China that simultaneously lays out a specialized air cargo hub, a Yangtze River shipping hub, and an international railway cargo hub. Ezhou Huahu International Airport, the largest international dedicated cargo airport in Asia, has opened 65 international and domestic routes with the freight volume expected to exceed 1.2 million tons by 2024, forming an inland "air-to-sea gateway". The advantage of convenient location and transportation strongly supports Hubei's deep integration into the domestic and international circulation, and helps it become a new pacesetter for opening up at a faster pace. In 2023, Hubei's regional GDP reached RMB5,580.3 billion, ranking 7th in the country. Its import and export value increased by 5.8% year on year, and its actual use of foreign capital amounted to USD2.73 billion. Hubei continues to focus on cost control, foster a world-class business environment that is market-oriented, law-based, and internationalized, improve international

trade facilitation, and reduce the customs clearance time for exports by 39%. Under the new development paradigm, Hubei is becoming a new highland to attract foreign investment and undertake the transfer of coastal industries.

■ Investment Promotion Policy

Implementation Opinions on Accelerating the Cultivation of New Quality Productive Forces and Promoting High-quality Development (EZBF [2024] No. 19)

Several Measures to Spur Foreign Investment Quality and Quantity (EZBF [2023] No. 21)

■ Key Industries

Hubei is advancing the construction of "51020" modern industrial clusters that are composed of 5 pillar industries worth RMB1 trillion, 10 advantageous industries worth RMB500 billion, and 20 characteristic industries 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 nine 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, new materials, and low-carbon metallurgy. The aim is to build world-class industrial clusters.

■ Contact Information

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7.18 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 this province 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 has a total territorial area of 211,800 square kilometers, making it the 10th largest province in China. In 2023, the permanent population of Hunan was 65.68 million, making it the 8th most populous province in the country. The province's regional GDP reached RMB5,001.3 billion, ranking 9th in the country. The actual use of foreign capital totaled USD1.44 billion, and the number of Fortune Global 500 companies investing in the province reached 211. The province's total import and export value was RMB617.5 billion. With more than 2,000 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 235 countries and regions. Currently, Hunan has national-level platforms, such as Xiangjiang New Area, Dongting Lake Ecological Economic Zone, the industrial transfer demonstration zone of south and west 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 Measures of Hunan Province on Further Improving the Foreign Investment Environment and Enhancing Efforts to Attract and Utilize Foreign Investment (XZF [2023] No. 12)

Policies and Measures to Further Strengthen Investment Promotion and Attraction in Hunan Province (XZBF [2024] No. 4)

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

Measures for the Identification of Key Investment Attraction Projects in Hunan Province (Trial) (XSTZ [2024] No. 2)

Measures for the Identification of International Cooperation Parks in Hunan Province (Trial) (XSTZ [2024] No. 4)

■ 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. At present, it is focusing on promoting high-quality development of "4×4" modern industrial systems, involving traditional industries of modern petrochemicals, green mining, food processing, and light industrial textiles, competitive industries of engineering machinery, rail transit, modern agriculture, and culture and tourism, emerging industries of digitization, new energy, healthcare, and aerospace and oceanography, as well as future industries of artificial intelligence, life engineering, quantum technology and cutting-edge materials.

■ Contact Information

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7.19 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. With a large economic aggregate, strong resilience and an active open economy, Guangdong is one of the most developed provinces in China. In 2023, the regional GDP reached RMB13.57 trillion, ranking first in China for 35 consecutive years. The province's foreign trade value reached RMB8.3 trillion, and the accumulated actual use of foreign capital exceeded USD502.8 billion, accounting for about one-fifth of the country's total. Guangdong has a complete industrial system, strong innovation capabilities, and a favorable business environment. It benefits from the major national development strategies such as the Guangdong-Hong Kong-Macao Greater Bay Area, the Shenzhen Pilot Demonstration Area of Socialism with Chinese Characteristics, as well as the Qianhai, Nansha and Hengqin platforms. Moreover, it enjoys market dividend formed by more than 15 million business entities, 70 million workers, and 127 million permanent residents.

■ 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 Measures of Guangdong Province to Further Stabilize Foreign Investment (YFB [2020] No. 15)

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

Several Policies and Measures of Guangdong Province to Promote High-quality Development of Investment Attraction (YBH [2023] No. 45)

Several Measures to Expand, Keep, and Improve Foreign Investment by Focusing on the Manufacturing Industry (YFGKF [2023] No. 224)

■ Key Industries

Guangdong Province focuses on developing "10+10+5" industries. They include 10 key strategic pillar industries, namely 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, as well as 5 future industries of electronic information, intelligent equipment, life health,

materials, and green and low-carbon development.

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7.20 Guangxi Zhuang Autonomous Region

■ Introduction

Guangxi Zhuang Autonomous Region is located in southwest 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 2023, the region had a permanent population of 50.27 million. 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 2023, Guangxi Zhuang Autonomous Region achieved a GDP of RMB2,720.239 billion, representing a 4.1% 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)

Notice of the General Office of the People's Government of Guangxi Zhuang Autonomous Region on Issuing Several Measures for Enhancing Efforts to Attract Foreign Investment (GZBF [2023] No. 29)

■ 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.

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7.21 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 pilot free trade zone and the only free trade port with Chinese characteristics. In 2023, the construction of Hainan Free Trade Port continued to achieve remarkable results. The province's regional GDP reached RMB755.118 billion, its import and export of goods and services increased by 15.3% and 29.6% respectively over the previous year, its outbound direct investment surged by 104.9%, and its total retail sales of consumer goods rose by 10.7%, ranking among the top in China in terms of growth rates for a number of indicators.

■ 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)

Announcement of the National Immigration Administration on Expanding the Reasons for Visa-free Entry into Hainan for Persons from Certain Countries

Notice of the State Administration of Foreign Exchange Hainan Branch on Issuing the Detailed Implementation Rules for Expanding the Pilot Program of High-standard Opening-up of Cross-border Trade and Investment (QHF [2024] No. 3)

■ Key Industries

Hainan Province has led high-standard opening up with the construction of its free trade port, empowered the construction of a modern industrial system with new quality productive forces, and accelerated the establishment of "4+3+3" modern industrial systems with Hainan characteristics. It vigorously develops "4" industries, namely tourism, modern services, high and new technology, and efficient agriculture with tropical characteristics. The first "3" refers to seed breeding, deep-sea technology, and commercial aerospace. Through forward-looking layout of the three future industries, Hainan aims to build an important practice base for new quality productive forces. The second "3" refers to high-end shopping, medical care and education. Hainan strives to attract overseas consumption return through the three fields.

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7.22 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 (autonomous counties). Chongqing has a permanent population of 31.9143 million. 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 construction of the Chengdu-Chongqing economic circle, and facilitating the construction of the New International Land-Sea Trade Corridor. Chongqing is striving to create a new situation for building an inland opening-up high ground. For more information, please refer to *Foreign Investment Guidelines of Chongqing (2024 Edition)*.

■ Investment Promotion Policy

Several Measures of Chongqing on Further Encouraging Foreign Investors to Establish R&D Centers (YSWF [2024] No. 2)

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

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

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)

Implementation Measures for the Hongyan Program to Attract Talent from

Home and Abroad in Chongqing (YFF [2017] No. 14)

■ Key Industries

Chongqing prioritizes "33618" modern manufacturing clusters. Chongqing is concentrating on the development of "3" leading industrial clusters, each valued at RMB1 trillion: intelligent connected new energy vehicles, next-generation electronic information manufacturing, and advanced materials. Additionally, the city aims to enhance and establish "3" pillar industrial clusters, each worth RMB500 billion: intelligent equipment and smart manufacturing, food and agricultural product processing, and software information services. The city also seeks to innovatively establish "6" characteristic and advantageous industrial clusters, each valued at 100 billion, which include new displays, high-end motorcycles, light alloy materials, light textiles, biomedicine, and new energy and new energy storage. Besides, Chongqing is nurturing and expanding "18" "new star" industrial clusters, including 12 high-growth industrial clusters: power semiconductors and integrated circuits, artificial intelligence and robotics, servers, smart home, sensors and instruments, smart manufacturing equipment, power equipment, agricultural machinery, fibers and composite materials, synthetic materials, modern traditional Chinese medicine, and medical devices; as well as 6 future industrial clusters: satellite internet, bio-manufacturing, life sciences, metaverse, cutting-edge new materials, and future energy.

Modern services: financial services, modern logistics, commerce circulation, e-commerce, conventions and exhibitions, tourism, and healthcare services.

Modern agriculture: processing of food and agricultural products.

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7.23 Sichuan Province

■ **Introduction**

Sichuan, located in west 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 2023, the province's regional GDP reached RMB6.01 trillion, ranking fifth in the country, with a growth rate of 6%. 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 Sichuan, making Chengdu 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 475 cities, ranking fifth in China. Rich in clean energy, Sichuan is the largest clean energy base in China, ranking first in terms of installed hydropower capacity, power generation, and output of natural gas and shale gas.

■ **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)

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)

Several Measures on Further Strengthening the Introduction of Foreign Talent in Short Supply (CKZF [2023] No. 2)

■ **Key Industries**

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

Strategic emerging industries: artificial intelligence, biotechnology, satellite network, new energy and intelligent connected vehicles, and drones.

Future industries: the sixth generation of mobile communication technology (6G), quantum technology, terahertz radiation, metaverse, deep space and deep earth, future transportation, biochips, life sciences, advanced nuclear energy, etc.

■ **Contact Information**

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7.24 Guizhou Province

■ Introduction

Guizhou, also known as "Qian" or "Gui", is located in the hinterland of southwest China. Covering a total territorial area of 176,000 square kilometers, 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 found. Among them, 84 have proved reserves, and 49 rank among the top 10 in China in terms of the reserves. Notably, the reserves of manganese ore and barite are the largest in the country, totaling 839 million tons and 222 million tons, respectively. The reserve of phosphate rock amounts

to 5.36 billion tons, ranking second in China; the reserve of bauxite reaches 1.16 billion tons, making Guizhou one of the main production areas of bauxite in China. With 7,453 kinds of medicinal plant resources, ranking 2nd in China, Guizhou is one of the four major production areas of Chinese herbal medicines in the country. The planting scale of green, high-quality agricultural products such as tea, peppers, *rosa roxburghii* tratt and blueberries ranks first in China. Guizhou has remarkable transportation advantages, acting as a significant land transportation hub in southwest 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 west 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 5 international passenger 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 (2023 Edition)

■ Key Industries

Guizhou shows strong development momentum, with a regional GDP of RMB2.9 trillion in 2023. Guizhou Province is comprehensively building a modern industrial system led by agriculture focusing on twelve characteristic and advantageous industries (tea, edible fungi, vegetables, cattle and sheep, specialty forestry, fruits, pigs, Chinese herbal medicines, *rosa roxburghii* tratt, ecological fisheries, peppers, ecological poultry), the industry focusing on constructing six major industrial bases (new comprehensive energy base, nationally important liquor production base, R&D and production base for new energy power batteries and materials, national computing power support base, nationally important deep resource processing, nationally important industrial backup base), and the services sector focusing on ten major innovative development projects (tourism, big data integration, healthcare, modern logistics, modern finance, modern commerce, technological R&D, culture, elderly care services, convention and exhibition services).

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

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Guizhou Provincial Task Force for Foreign Investment

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7.25 Yunnan Province

■ Introduction

Known as the "World Species Gene Pool", "World Garden" and "Living Fossil of Ethnic Cultures", Yunnan is China's main gateway to South Asia and Southeast Asia, and the intersection of the Belt and Road Initiative, Yangtze River Economic Belt, New International Land-Sea Trade Corridor and Lancang-Mekong Cooperation. It has a total of 28 ports, including 22 national-level ports and 6 former second-class ports, and shares borders with Myanmar, Vietnam, and Laos. Located on the southwest border of China, Yunnan is endowed with unique natural resources, a good foundation for industrial development and colorful cultural customs. Yunnan has actively served and integrated into national development strategies, and fully, accurately and comprehensively applied the new development philosophy. Based on the "3815" strategic development goals, it has unswervingly advanced marketization, industrialization, legalization, ecologicalization and digitization. It has fully leveraged its role as a strong industry

province, striven for the growth of various sectors with the focus on the industry, and steadily promoted high-quality leapfrog development in Yunnan. In 2023, the regional GDP of Yunnan exceeded RMB3 trillion, a solid step towards the goal of "reaching a new level in three years". Industrial investment accounted for 50.4% of the total investment, and the actual use of foreign capital increased by 20.7%. The province also witnessed industrial transformation and upgrading, investment structure optimization, and higher-level opening up in a new era.

■ Investment Promotion Policy

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

Policies and Measures of the People's Government of Yunnan Province on Further Improving the Foreign Investment Environment and Enhancing Efforts to Attract Foreign Investment (YZF [2023] No. 25)

Several Measures of Yunnan Province on Encouraging the Establishment and Development of Foreign-invested R&D Centers (YSWZ [2023] No. 3)

Incentive Measures of Yunnan Province on Encouraging Foreign Investment (YTCF [2023] No. 11)

■ Key Industries

In 2024, Yunnan Province focuses on the development of 11 major industries, which include modern agriculture with plateau characteristics, green aluminum, PV manufacturing, advanced manufacturing, green energy, new materials, biopharmaceuticals, digital economy, culture, tourism and healthcare, modern logistics, and export-oriented industry.

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7.26 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, and 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

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

Several Provisions of Shigatse on Preferential Policies for Investment Promotion (Trial) (RW [2023] No. 16)

Implementation Measures of Preferential Policies for Investment Promotion and Enterprise Development in Shannan City (Trial) (SZF [2023] No. 18)

Trial Measures of Linzhi City for Promoting Reform and Opening-up to Attract Investment (LZF [2022] No. 69)

Several Provisions of Ali Prefecture on Preferential Policies for Investment Promotion (AXF [2022] No. 30)

■ 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. Eight major industries, including clean energy, tourism and culture, agriculture and animal husbandry with plateau characteristics, green industry, modern services, high-tech digital economy, border trade and logistics, and Xizang medicine, are promoted as important engines for economic growth and a driving force for transformation and development.

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7.27 Shaanxi Province

■ Introduction

Shaanxi is located in the inland region of China and is an important birthplace of the Chinese nation and Chinese culture. It has a land area of 205,600 square kilometers and a permanent population of 39.52 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 expressways that run through it, with a total length of 6,900 kilometers. Xi'an Xianyang International Airport ranks among the top 100 in the world. It owns 104 international passenger and

freight routes that connect the province to 70% of China within a two-hour flight radius. With rich natural resources, Shaanxi is an important energy and chemical base in China. It has abundant reserves of coal, petroleum and natural gas, and its mineral resources account for about one-third of the country's total. Shaanxi is an important industrial base for equipment manufacturing, energy and chemicals, high and new technology, and national defense science and technology in China. Industries such as new materials, new energy vehicles, integrated circuits and semiconductors are developing rapidly in the province. Shaanxi makes full use of its advantages in scientific and educational talent to build Qinchuangyuan, an innovation-driven platform, create a scientific and technological innovation system and ecosystem from R&D and incubation to industrialization, and promote the deep integration of innovation, industrial, capital and talent chains. Shaanxi has China's largest inland port, a pilot free trade zone, 70 development zones above the provincial level (including 5 national economic and technological development zones and 7 national high-tech industrial development zones), 3 national cross-border e-commerce comprehensive pilot zones, 7 comprehensive bonded zones and other open carriers.

■ Investment Promotion Policy

Notice of the General Office of the People's Government of Shaanxi Province on Printing and Distributing Several Measures for Expanding the Utilization of Foreign Investment and Cultivating and Introducing Export-oriented Industries by Focusing on Manufacturing Industry (SZBF [2023] No. 20)

Implementation Opinions of Shaanxi Provincial Department of Commerce and

Shaanxi Provincial Science and Technology Department on Encouraging Foreign Investors to Establish R&D Centers (SSF [2023] No. 9)

■ Key Industries

Shaanxi is making every effort to build four industrial clusters worth RMB1 trillion, namely advanced manufacturing, modern energy, culture and tourism, and strategic emerging industries. It is accelerating the construction of a modern industrial system, with a particular emphasis on cultivating industries such as automobile manufacturing, electronic information, CNC machine tools, aerospace, titanium and titanium alloys, energy and chemicals, biomedicine, power transmission and transformation equipment, solar PV, modern logistics, modern agriculture, and culture and tourism.

■ Contact Information

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7.28 Gansu Province

■ Introduction

Gansu Province is situated in the northwest region of China, in the upper reaches of the Yellow River, and 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 integrating 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" new 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 among the top in China for its reserves of coal, oil, natural gas and gold, and ranks third for wind power installed capacity and first for PV power installed 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 General Office of the CPC Gansu Provincial Committee and the General Office of the People's Government of Gansu Province on Further Strengthening Investment Promotion under the New Situation (GBF [2024] No. 6)

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)

Several Measures on Further Improving the Foreign Investment Environment and Enhancing Efforts to Attract Foreign Investment (GSWWZF [2023] No. 317)

■ 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, and electronics and electrical appliances. Emerging industries such as new energy equipment manufacturing, new materials, advanced manufacturing, biomedicine, and digital economy are thriving rapidly.

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7.29 Qinghai Province

■ Introduction

Qinghai Province, or "Qing" for short, covers an area of 720,000 square kilometers. The provincial capital is Xining City. The average elevation of the whole province is over 3,000 meters, and the climate is cold, dry and clean.

Qinghai is a major ecological province. Qinghai is home to the Sanjiangyuan area, known as China's "water tower," where the rivers of Yangtze, Yellow, and Lancang originate. It is a climate sensitive region and a significant focal point for climate change in Asia, the Northern Hemisphere and even the world. It is the region with the most concentrated biodiversity, species diversity, gene diversity and genetic variety at high altitudes in the world. It is also a natural germplasm resource bank for alpine creatures, with the total value of ecological resources reaching RMB36.2 trillion.

Qinghai is a province of strategic importance. Qinghai borders Xinjiang, Xizang, Gansu and Sichuan, and links the east with the west, and the south with the north, thus holding a special strategic position. It is the main transportation channel for strategic materials to Xizang, an economic and cultural corridor and an important hub connecting Xizang and Xinjiang, a strategic support and important fulcrum of the Belt and Road Initiative, and a strategically important place to maintain stability in Xizang and Xinjiang.

Qinghai is rich in resources. There are 134 proven minerals, of which 60 rank among the top 10, 27 rank among the top 3 and 11 rank first in China. Qinghai's reserves of hydropower resources account for about 3% of China's total, ranking fifth in the country; solar energy resources

account for about 11% of the country's total, ranking second domestically. The cost of PV power generation in Qinghai is the lowest in the country. Qinghai is located in a Category IV wind energy resource area in China, with its reserves of wind energy resources accounting for about 9.4% of the country's total. The abundant reserves of geothermal energy, natural gas and shale gas, as well as significant advantages in salt lake lithium resources and salt resources provide superior support for the development of electrochemical energy storage and solar thermal power generation. The vast desertification land with an area of more than 100,000 square kilometers has created good basic conditions for building a national highland for clean energy industries.

■ Investment Promotion Policy

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)

Work Plan of Qinghai Province on Implementing "Six Actions" for Investment Promotion (2022-2025) (QZB [2022] No. 86)

Work Plan of Qinghai Province on Implementing "Six Major Projects" for High-quality Development of Industrial Economy (2022-2025) (QZ [2022] No. 54)

Work Plan of Qinghai Province on Accelerating the Integration into the National Layout of the East-to-West Computing Resource Transfer Project (QZB [2022] No. 76)

Several Measures of Qinghai Province on Accelerating the Construction of a World-class Salt Lake Industry Base and Promoting High-quality Development of the Salt Lake Industry (QZB [2022] No. 108)

■ 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 PV manufacturing industry chain of "polysilicon—monocrystalline silicon—wafer—solar cells—battery modules," covering the entire lithium battery industry chain from anode and cathode materials, separators, copper foil, and aluminum foil 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 chemicals, oil and gas chemicals, 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

E-mail: swtwzc6321731@163.com

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

Qinghai Provincial Task Force for Foreign Investment

Hotline: +86-971-6321731/6133507

7.30 Ningxia Hui Autonomous Region

■ Introduction

Ningxia, a treasure in west China, is located in the upper reaches of the Yellow River, with an area of 66,400 square kilometers and a population of 7.28 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. For more information, please refer to *Foreign Investment Guidelines of Ningxia (2024 Edition)*.

■ Investment Promotion Policy

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)

Notice of the People's Government of Ningxia Hui Autonomous Region on Printing and Distributing Several Measures for Further Improving the Foreign Investment Environment and Enhancing Efforts to Attract Foreign Investment (NZF [2023] No. 33)

■ Key Industries

The six new industries of new

materials, clean energy, equipment manufacturing, digital information, modern chemicals and light textiles in Ningxia have enormous potential. The six characteristic industries of wine, wolfberries, milk, beef cattle, Tan sheep and cool-weather vegetables have prominent advantages. The six excellent industries of culture and tourism, modern logistics, modern finance, healthcare and elderly care, e-commerce, and conferences and exhibitions have risen rapidly.

■ Contact Information

Department of Commerce of Ningxia Hui Autonomous Region

Tel.: +86-951-5960746/5960745

Website: <https://dofcom.nx.gov.cn/>

The Task Force for Foreign Investment of Ningxia Hui Autonomous Region

Hotline: +86-951-5960746

7.31 Xinjiang Uygur Autonomous Region

■ Introduction

Xinjiang Uygur Autonomous Region is situated in the northwest of China and 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 2022, the region had a total permanent population of 25.87 million, with ethnic minorities accounting for 57.76%. In 2023, the regional GDP of Xinjiang reached RMB1,912.591 billion, an increase of 6.8% compared to the previous year.

Xinjiang is home to vast energy and mineral resources. It has an estimated reserve of 23 billion tons of petroleum,

accounting for about 22% of China's onshore petroleum resources; the predicted natural gas resources are 17.5 trillion cubic meters, accounting for about 28% of China's onshore natural gas resources; the predicted coal resources are 2.19 trillion tons, accounting for about 40% of China's coal reserves. The reserve of wind energy resources is 890 million kilowatts, accounting for about 20% of the country's total, ranking second in China. The average annual solar radiation is 5,800 megajoules per square meters, and the solar energy resources rank second in China. Xinjiang (including the Xinjiang Production and Construction Corps) has a total arable land area of 106 million *mu* (7.07 million hectares), a forest land area of 183 million *mu* (12.2 million hectares) and a grassland area of 780 million *mu* (52 million hectares). It is one of the five major pastoral areas in China. Xinjiang's cotton production accounted for 90.2% of the country's total, and its cotton area, yield per unit area, total yield and commodity volume have ranked first in China for 29 consecutive years. Xinjiang boasts abundant tourism resources, including 640 national A-level and above scenic spots (17 of which are AAAAA-level), and 101 skiing resorts supported by its unique ice and snow resources. 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 18 open ports (including 3 aviation ports), 25 airports with 286 international and domestic routes, and 23 national industrial parks of various types. The establishment of China (Xinjiang) Pilot Free Trade Zone has been approved. With a total area of 179.66 square kilometers, the zone covers Urumqi, Horgos and Kashgar.

■ Investment Promotion Policy

Several Measures of Xinjiang Uygur Autonomous Region on Further Improving the Foreign Investment Environment and Enhancing Efforts to Attract Foreign Investment (XZBF [2024] No. 9)

Notice on Issuing the Implementation Opinions on Stabilizing Foreign Investment in Xinjiang (XZBF [2021] No. 78)

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 industrial clusters." These clusters include strategic emerging industrial clusters such as oil and gas production and processing; coal production, thermal power generation and coal chemicals; 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.: +86-991-2850407/2855560

E-mail: xjswtwzc@126.com

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

The Task Force for Foreign Investment of Xinjiang Uygur Autonomous Region

Hotline: +86-991-2850407

7.32 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 Uygur 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 division cities of the Xinjiang Production and Construction Corps are like blocks or dots embedded in various prefectures in Xinjiang. The Corps has 6 national-level development zones, 17 provincial-level development zones, 16 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/zsyf/>.

■ 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)

Measures of Xinjiang Production and Construction Corps on Further Improving the Foreign Investment Environment and Enhancing Efforts to Attract and Utilize Foreign Investment (XBBF [2024] No. 1)

■ **Key Industries**

Green chemicals, cotton, textiles and clothing, new energy, new materials, equipment manufacturing, characteristic services, and agricultural product production and deep processing.

■ **Contact Information**

**Commerce Bureau of Xinjiang
Production and Construction Corps**

Tel.: +86-991-2896457

E-mail: btswjyqc@126.com

Website: <http://swj.xjbt.gov.cn/>

**The Task Force for Foreign
Investment of Xinjiang Production and
Construction Corps**

Hotline: +86-0991-2896417

Appendix

Directory of Institutions that Handle the Complaints of Foreign-invested Enterprises

National Center for Complaints of Foreign-invested Enterprises

Address: 3F, Building 1, 28 Andingmen Outer East Back Alley, Dongcheng District, Beijing
Postal Code: 100731
Tel.: +86-10-64404523
Fax: +86-10-64515304
E-mail: fiecomplaint@cipainvest.org.cn

Beijing Municipal Commerce Bureau

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: 8F, Beijing Municipal Government Service Center, 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

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

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

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

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: waizichu_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, East Zhongshan Road, Xincheng District, Hohhot, Inner Mongolia Autonomous Region
Postal Code: 010050
Tel.: +86-471-6618131
Fax: +86-471-6618131
E-mail: nmgwstczx@163.com

Center for Government Service Hotline 12345 in Liaoning Province (Complaint Hotline: 024-12345)

Address: Rooms 1802 and 1803, Block B, 109 Chongshan Middle 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

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.: +86-431-82858172
Fax: +86-431-81951103
E-mail: jilincujin@163.com

Bureau for Business Environment Construction and Supervision of Heilongjiang Province

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

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: 468 Yan'an Road, Hangzhou, Zhejiang Province
Postal Code: 310006
Tel.: +86-571-87058222
Fax: +86-571-87056009
E-mail: 393333729@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, +86-571-28006591
Fax: +86-571-28065055
E-mail: lynette.guo@zjfdi.com, xupl@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.: +86-551-63540126
Business Complaints
Hotline: +86-551-12312
Fax: +86-551-63540373
E-mail: ahwzts@163.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

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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.: +86-531-851763573
Fax: +86-531-51763068
E-mail: jiruihue@shandong.cn

Qingdao Bureau of Commerce

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: qd3702@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, +86-27-85770723
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.: +86-731-82287203, +86-731-85281302
Fax: +86-731-82287076
E-mail: sswtzcj@126.com

Hunan Association of Enterprises with Foreign Investment

Address: Room 1209, Building 2, 98 Wuyi Avenue, Changsha, Hunan Province
Postal Code: 410001
Tel.: +86-731-82243990
Fax: +86-731-82287076
E-mail: 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

Address: Building 3, China-ASEAN Business Center, 10 Pingle Avenue, Liangqing District, Nanning, Guangxi Zhuang Autonomous Region
Postal Code: 530201
Tel.: +86-771-2211698
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 259, 2F, Seat of the People's Government of Hainan Province, 9 Guoxing Avenue, Meilan District, Haikou, Hainan Province
Postal Code: 570203
Tel.: +86-898-65332706
Fax: +86-898-65388391
E-mail: invprohn@126.com

Chongqing Municipal Commission of Commerce

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Sichuan Provincial Department of Justice (Center for Complaints of Foreign-invested Enterprises of Sichuan Provincial People's Government)

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Fax: +86-28-86764787
E-mail: 1815433833@qq.com

Guizhou Provincial Department of Commerce

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Fax: +86-851-88592920
E-mail: 5597668@qq.com

Service Center for Complaints of Foreign-invested Enterprises of Guizhou Province

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Fax: +86-851-88555703
E-mail: 554146162@qq.com

Center for Complaints of Foreign-invested Enterprises of Yunnan Province

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E-mail: 157143737@qq.com

Department of Commerce of Xizang Autonomous Region

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Fax: +86-891-6862170
E-mail: 516430618@qq.com

Shaanxi Provincial Department of Commerce

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Fax: +86-29-63913900
E-mail: 184628491@qq.com

Department of Commerce of Gansu Province

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Fax: +86-931-8618083
E-mail: gsswwz@163.com

Department of Commerce of Qinghai Province

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Postal Code: 810001
Tel.: +86-971-6321731
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Department of Commerce of Ningxia Hui Autonomous Region (Ningxia Association of Enterprises with Foreign Investment)

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Tel.: +86-951-5960744 (Department of Commerce), +86-951-5960746 (Association)
Fax: +86-951-5960745 (Department of Commerce), +86-951-5960746 (Association)
E-mail: nxwztszx@163.com

Department of Commerce of Xinjiang Uygur Autonomous Region (Xinjiang Association of Enterprises with Foreign Investment)

Address: 1292 Xinhua South Road, Tianshan District, Urumqi, Xinjiang Uygur Autonomous Region
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Fax: +86-991-2850655 (Department of Commerce), +86-991-2850407 (Association)
E-mail: 691451719@qq.com, xjswtwzc@126.com

Commerce Bureau of Xinjiang Production and Construction Corps

Address: 16F, Nanhu Mingzhu Building, Nanhu North Road, Urumqi, Xinjiang Uygur Autonomous Region
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Tel.: +86-991-2896457
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Department of Foreign Investment Administration and Investment Promotion Agency
Ministry of Commerce
August 2024

FOREIGN INVESTMENT GUIDE OF THE PEOPLE'S REPUBLIC OF CHINA

MINISTRY OF COMMERCE OF THE
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