

## **Special Administrative Measures for Access of Foreign Investments in Pilot Free Trade Zones (Negative List)**

**(2020 Edition)**

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### **A. Agriculture, forestry, animal husbandry and fishery**

- 1) The proportion of the Chinese party's investment in the selection, cultivation, and production of seeds of new varieties of wheat and corn shall not be less than 34%;
- 2) Investment in the research, development, breeding, and planting of China's rare and unique precious quality varieties as well as the production of relevant breeding materials (including quality genes of planting, animal husbandry and aquaculture) is prohibited;
- 3) Investment in the selection of genetically modified varieties and the production of genetically modified seeds (fingerlings) in respect of crops, breeding stock and poultry, and aquatic fingerlings is prohibited.

### **B. Mining**

- 4) Investment in rare earth, and the reconnaissance, mining and beneficiation of radioactive minerals and tungsten are prohibited (it is not permitted to enter rare earth mine lots or obtain mining geology materials, ore samples and production techniques, without prior approval).

### **C. Manufacturing**

- 5) Except for special vehicles and new-energy vehicles, shares of a manufacturer producing other types of vehicles, held by Chinese parties, shall be 50 percent at least, and a single foreign investor may establish up to two joint ventures in China to manufacture the same type of vehicles (limits on the foreign shareholding will be removed for commercial vehicles in 2020. In 2022, limits on the foreign shareholding will be abolished for passenger vehicles, and the restriction that a single foreign investor may establish up to two joint ventures in China to manufacture the same type of vehicles will be eliminated as well);
- 6) Investment in the manufacturing of ground receiving facilities and key parts for satellite television broadcasting.

**D. Production and supply of electric power, heating power, gas and water**

- 7) Investment in the construction and operation of a nuclear power plant must be controlled by the Chinese party.

**E. Wholesale and retail industry**

- 8) Investment in the wholesale and retail of leaf tobacco, cigarettes, re-dried leaf tobacco and other tobacco products is prohibited.

**F. Communication and transportation, storage and mail**

- 9) Domestic water transportation companies must be controlled by Chinese parties. (It is not permitted to engage in domestic water transportation business as well as the supporting services thereof, in a disguised manner by operating or leasing any vessel or shipping space with Chinese nationality. Water transportation operators shall not use any ships of a foreign nationality to carry out domestic water transportation business; however, under the circumstance that no Chinese ship can meet the requirements of applied transportation in China, and the port or the water area where the ship is located is an open port or water area, upon approval of the Chinese government, a water transportation operator may, within the duration or number of voyages prescribed by the Chinese government, temporarily use the ship of a foreign nationality for the marine transportation and towage business between Chinese ports);
- 10) A public air transportation company must be controlled by the Chinese party, and the investment made by a single foreign investor together with its related-party enterprises in such company shall not exceed 25 percent, and such company's legal representative must be a Chinese citizen. (Only Chinese public air transportation companies are permitted to engage in domestic aviation services, and offer regular and irregular international aviation services as the carriers designated by China.). Legal representatives of general aviation companies must be Chinese citizens, of which, those for the agriculture, forestry and fishery industries are limited to joint ventures only, while others shall be controlled by Chinese parties;
- 11) The construction and operation of civil airports must be controlled by the Chinese party. Foreign parties are not allowed to participate in the construction and operation of airport towers;
- 12) Investment in postal service companies and the business of delivery mail domestically is prohibited.

#### **G. Information transmission, software and information technology services**

- 13) Telecommunications companies are limited to investment in the telecommunications business opened according to China's WTO accession commitments; the proportion of foreign investment in a value-added telecommunications business (excluding e-commerce business, domestic multi-party communications service, store-and-forward service and call center service) shall not exceed 50 percent; the basic telecommunications business must be controlled by the Chinese party (and the business operators must be companies legally established to specialize in the basic telecommunications business). Original policies piloted in areas (28.8 square kilometers) of the Shanghai Pilot Free Trade Zone will be promoted to all pilot free trade zones;
- 14) Investment in internet news services, online publishing services, online audio-visual program services, internet culture operation (excluding music), and internet public-oriented information releasing services (excluding content of the abovementioned services that is permitted under China's WTO accession commitments) is prohibited.

#### **H. Leasing and business service**

- 15) Engagement in Chinese legal affairs (except for the provision of information relating to the impacts of China's legal environment) is prohibited; becoming the partner of a domestic law office is prohibited. (Foreign law firms can only enter China by establishing their representative offices in China, and such representative offices shall not employ lawyers with the Chinese Lawyer License, and assisting staff members employed by these representative offices shall not provide parties concerned with legal services; establishing representative offices in China and sending representatives to China must be approved by China's administrative department of justice);
- 16) Investment in a market survey is limited to joint venture and cooperative operation; specifically, investment in a broadcasting and television listening and rating survey must be controlled by the Chinese party;
- 17) Investment in social surveys is prohibited.

#### **I. Scientific research and technical services**

- 18) Investment in the development and application of technologies of human stem cell and gene diagnosis and treatment is prohibited;
- 19) Investment in humanistic and social science research institutions is prohibited;
- 20) Investment in geodetic surveying, hydrographic surveying and charting, surveying and mapping via aerial photography, ground mobile surveying, surveying and mapping of

administrative area borders, compiling of topographical maps, world administrative maps, national administrative maps, administrative maps at the provincial level or below, national school maps, local school maps and true three-dimensional maps, compiling of navigation electronic maps and regional investigations in terms of geological mapping, mineral geology, geophysics, geochemistry, hydrogeology, environmental geology, geological disasters and remote sensing geology is prohibited. (Mining rights holders working within the scope of their mining rights are not restricted by this special management measure).

#### **J. Education**

- 21) Investment in pre-school institutions, senior high schools and institutions of higher learning is limited to schools jointly run by Sino-foreign entities; such schools must be dominated by the Chinese parties (principals or major administration heads in charge of such schools shall be of Chinese nationality, and Chinese members of the council, board of directors or joint management committee shall account for half at least). (Foreign education institutions, other groups or individuals (excluding those for occupational training institutions beyond the educational system) shall not independently establish schools or other educational institutions mainly intended for recruiting Chinese citizens as their students, but foreign educational institutions may cooperate with Chinese educational institutions in establishing educational institutions that mainly recruit Chinese citizens as their students);
- 22) Investment in compulsory education institutions and religious education institutions is prohibited.

#### **K. Health and social work**

- 23) Investment in medical institutions is limited to joint venture and cooperative operation.

#### **L. Culture, sport and entertainment**

- 24) Investment in news agencies (including but not limited to press agencies) is prohibited. (Establishing permanent news agencies in China and sending permanent reporters to China by foreign news agencies must be approved by the Chinese government. Services and business of foreign press agencies to provide news stories within the territory of China must be examined and approved by the Chinese government. Business cooperation between Chinese and foreign news agencies must be dominated by the Chinese news agencies and must be approved by the Chinese government);

- 25) Investment in editing, publishing and production of books, newspapers, periodicals, audio-visual products and electronic publications is prohibited. (Chinese and foreign press houses may carry out Sino-foreign cooperative news and publication programs, if they are approved by the Chinese government, Chinese parties' rights to dominate the business and have a final say in regard to contents are guaranteed and other conditions set out in the official replies of the Chinese government are observed. Providing financial information services within the territory of China is prohibited without the approval of the Chinese government);
- 26) Investment in all levels of broadcasting stations, television stations, radio and television channel and frequency, radio and television transmission networks (including radiating stations, rebroadcasting stations, broadcasting and TV satellites, satellite uplink stations, satellite signal receiving and rebroadcasting stations, microwave stations, monitoring stations and cable broadcasting and television transmission networks, etc.) and engagement in the video on demand business of radio and TV and in the provision of services of installation of the ground receiving facilities for satellite television broadcasting is prohibited. (The availability of overseas satellite channels in China is subject to the examination and approval system);
- 27) Investment in radio and television program production and operation (including introduction) companies is prohibited. (Introducing foreign films and television series and introducing other foreign television programs via satellite transmission must be applied for by entities designated by the State Administration of Radio and Television of the People's Republic of China. The joint production of television series (including TV animations) by Chinese and foreign parties is subject to the licensing system);
- 28) Investment in film production companies, distribution companies, cinema companies and the introduction of films is prohibited. (It is permitted to shoot films under the cooperation between Chinese and foreign enterprises, upon approval);
- 29) Investment in enterprises selling cultural relics by auction, cultural relic stores and state-owned cultural relic museums is prohibited. (Cultural relics which are immovable and banned by the State from exportation are prohibited from being transferred, pledged or rented to foreigners; establishing and operating intangible cultural heritage investigation agencies is prohibited; foreign organizations or individuals carrying out intangible cultural heritage investigation and archaeological investigation, exploration and excavation within the territory of China shall be in the form of cooperation with Chinese parties and be subject to special examination and approval);
- 30) Cultural and artistic performance groups must be controlled by the Chinese party.