

Special Administrative Measures (Negative List) for Foreign Investment Access in Pilot Free Trade Zones (2018 Edition)

Order of the National Development and Reform Commission of the People's Republic of China and the Ministry of Commerce of the People's Republic of China No.19

The Special Administrative Measures (Negative List) for Foreign Investment Access in Pilot Free Trade Zones (2018 Edition), approved by the Central Committee of the Communist Party of China and the State Council, are hereby promulgated and will enter into force from July 30, 2018. The Special Administrative Measures (Negative List) for Foreign Investment Access in Pilot Free Trade Zones (2017 Edition) released by the General Office of the State Council on June 5, 2017, shall be repealed simultaneously.

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Minister of Commerce: Zhong Shan

June 30, 2018

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Notes

I. The Special Administrative Measures (Negative List) for Foreign Investment Access in Pilot Free Trade Zones (hereinafter referred to as the "Negative List") set out in a centralized manner special administrative measures in respect of the access of foreign investments, such as limits on the proportion of foreign investment and the requirements on senior officers, and apply to pilot free trade zones. Sectors not specified in the Negative List shall be subject to administration under the principle of treating domestic investments and foreign investments equally.

II. The Negative List provides the transition period for some sectors to abolish or ease access limits; access limits on these sectors will be abolished or eased on schedule upon expiry of the transition period.

III. Foreign investors are forbidden to engage in investment activities as individual businesses, investors of sole proprietorship enterprises, or members of farmers' professional cooperatives.

IV. Foreign investors may not invest in any of the prohibited sectors specified in the Negative List. They must obtain a permit for access of foreign investments if they intend to invest in other sectors that are not prohibited in the Negative List; if they intend to invest in sectors subject to limits on the proportion of foreign investment, they are not allowed to establish foreign-invested partnerships.

V. Where mergers and acquisitions of affiliated domestic companies by domestic companies, enterprises, or natural persons via companies legally established or controlled abroad thereby involve matters relating to the establishment of foreign investment projects and enterprises as well as the alteration thereof, the existing provisions shall apply.

VI. In terms of measures concerning administrative examination and approval, qualification requirements, national security, etc. for such sectors as culture and finance, which are not specified in the Negative List, the existing provisions shall apply.

VII. If other provisions in the Closer Economic Partnership Arrangement between mainland China and Hong Kong and its follow-up agreements, the Closer Economic Partnership Arrangement between mainland China and Macao and its follow-up agreements, the Cross-Strait Economic Cooperation Framework Agreement and its follow-up agreements, free trade zone agreements and investment treaties entered into by and between China and other relevant countries, and international treaties to which China is a party offer more preferential opening-up measures to eligible investors, such provisions in relevant agreements or treaties shall prevail.

VIII. The Negative List shall be interpreted by the National Development and Reform Commission and the Ministry of Commerce in concert with related departments.

**Special Administrative Measures (Negative List) for Foreign Investment Access
in Pilot Free Trade Zones (2018 Edition)**

Serial Number	Sector	Special Administrative Measures
I. Agriculture, Forestry, Animal Husbandry, and Fishery		
(I)	Seed Industry	1. The Chinese party's shareholding ratio in seed selection of such new crop varieties as wheat and corn and seed production may not be less than 34%. 2. Investment in the research and development and 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 banned. 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 as well as aquatic fingerlings is prohibited.
(II)	Fishery	4. Investment in aquatic product harvesting in the waters under China's jurisdiction and inland waters is prohibited.
II. Mining		
(III)	Ferrous Metal and Non-Ferrous Metal Mining and Beneficiation as well as Auxiliary Mining Activities	5. Investment in the reconnaissance and mining of tungsten, molybdenum, tin, antimony, and fluorite is banned. 6. Investment in the reconnaissance, mining, and beneficiation of rare earth is prohibited. (Without permission, it is forbidden to enter rare earth mining areas or obtain mine geological data, ore samples, and production technology.) 7. Investment in the reconnaissance, mining, and beneficiation of radioactive minerals is prohibited.
III. Manufacturing		
(IV)	Printing	8. Printing of publications must be controlled by the Chinese party.
(V)	Processing of Traditional Chinese Medicine Decoction Pieces and Production of Chinese Patent Medicines	9. Investment in the application of such processing techniques of traditional Chinese medicine decoction pieces as steaming, frying, cauterizing, and calcining and the manufacturing of Chinese patent medicine products with secret formulas is prohibited.
(VI)	Automobile Manufacturing	10. In terms of investment in the manufacturing of finished automobile cars except special-purpose motor vehicles and new-energy vehicles, the shares controlled by the Chinese party shall not be less than 50%; one foreign company is allowed to establish up to two (including two) joint ventures engaged in the

		manufacturing of similar finished automobile cars in China. (The restriction on shares controlled by a foreign company in terms of investment in the manufacturing of commercial vehicles will be lifted in 2020. The restrictions on shares controlled by a foreign company in terms of investment in the manufacturing of passenger vehicles and on one foreign company being allowed to establish up to two [including two] joint ventures engaged in the manufacturing of similar finished automobile cars in China will be lifted in 2022.)
(VII)	Communications Equipment Manufacturing	11. Investment in the manufacturing of ground receiving facilities and key parts for satellite television broadcasting.
(VIII)	Other Manufacturing	12. Investment in production of Chinese art paper and black ink sticks is prohibited.
IV. Power, Heat, Gas, and Water Production and Supply		
(IX)	Nuclear Power Generation	13. The construction and operation of nuclear power plants must be controlled by the Chinese party.
(X)	Pipe Network Facilities	14. The construction and operation of urban gas pipe networks, heating power pipe networks, and water supply and sewage pipe networks in a city with more than 500,000 residents must be controlled by the Chinese party.

Serial Number	Sector	Special Administrative Measures
V. Wholesale and Retail Industry		
(XI)	Tobacco Products	15. Investment in the wholesale and retail of leaf tobacco, cigarettes, re-dried leaf tobacco, and other tobacco products is banned.
VI. Transportation, Warehousing, and Mail Services		
(XII)	Water Transportation	16. Domestic water transportation companies must be controlled by the Chinese party. (Moreover, it is not allowed to engage in domestic waterway transportation business and its ancillary services in disguised form by operating or renting Chinese vessels or shipping spaces; waterway transportation operators are not allowed to use foreign vessels to operate domestic waterway transportation businesses. However, with the approval of the Chinese government, if there are no Chinese vessels in China that can meet the transportation requirements applied for and the ports or waters where the vessels berth are those open to the outside world, waterway transportation operators can temporarily use foreign vessels to operate maritime transportation and towing between Chinese ports within the time limit or voyage specified by the Chinese government.) 17. Domestic ship agencies must be controlled by the Chinese party.
(XIII)	Air Transportation for Passengers and Freight	18. A public air transportation enterprise must be controlled by the Chinese party, and the investment proportion of a single foreign company and the affiliated enterprises thereof must not exceed 25%. Its legal representative must be a Chinese citizen. (Only Chinese public air transportation enterprises can operate domestic air services and provide regular and irregular international air services as designated carriers in China.)
(XIV)	General Aviation Services	19. A general aviation enterprise's legal representative shall be a Chinese citizen. General aviation enterprises specializing in agriculture, forestry, and fishery operations are limited to the form of joint venture, while others must be controlled by the Chinese party.
(XV)	Airport and Air Traffic Control	20. The construction and operation of civil airports must be relatively controlled by the Chinese party. 21. Investment in air traffic control systems is prohibited.
(XVI)	Mail	22. Investment in postal companies (operating mail services) and in the domestic express business of mail is banned.
VII. Information Transmission, Software, and Information Technology Services		
(XVII)	Telecommunications	23. Telecommunication companies are limited to the

		telecommunication business opened according to China's WTO accession commitments; the proportion of foreign investment in a value-added telecommunication business (excluding e-commerce business) shall not exceed 50%, while the basic telecommunication business must be controlled by the Chinese party and operated by companies that are engaged in basic telecommunication business in accordance with the law. The pilot policies applicable to the original region [28.8 square kilometers] of the China (Shanghai) Pilot Free Trade Zone will extend to all pilot free trade zones.
(XVIII)	Internet and Related Services	24. Investment in Internet news services, online publishing services, online audio-visual program services, Internet culture operations (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.
VIII. Finance		
(XIX)	Capital Market Services	25. The proportion of foreign capital invested in a securities company shall be less than 51%, while the proportion of foreign capital in a securities investment fund management company shall be less than 51%. (Such restrictions will be lifted in 2021.) 26. The proportion of foreign capital invested in a futures company shall be less than 51%. (Such restrictions will be lifted in 2021.)
(XX)	Insurance	27. The proportion of foreign capital in a life insurance company shall not exceed 51%. (Such restrictions will be lifted in 2021.)
IX. Leasing and Business Services		
(XXI)	Legal Services	28. Investment in Chinese legal affairs (except the provision of information on Chinese legal environmental impacts) is prohibited; becoming the partner of a domestic law office is prohibited. (Foreign law firms can only enter China by establishing representative offices and are not allowed to employ practicing Chinese lawyers, and their auxiliary personnel are not allowed to provide legal services to the parties concerned; if a representative office is established in or dispatches representatives to China, approval from the Chinese judicial administrative department shall be obtained.)
(XXII)	Consultation and Investigation	29. Investment in a market survey is limited to joint venture and cooperative operations; specifically, investment in a broadcasting and television listening and rating survey must

		<p>be controlled by the Chinese party.</p> <p>30. Investment in a social survey is banned.</p>
X. Scientific Research and Technical Services		
(XXIII)	Research and Experimental Development	<p>31. Investment in the development and application of technologies of human stem cell and gene diagnosis and treatment is prohibited.</p> <p>32. Investment in humanistic and social science research institutions is prohibited.</p>
(XXIV)	Professional Technical Services	<p>33. Investment in geodetic surveying; hydrographic surveying and charting; surveying and mapping via aerial photography; ground movement measuring; 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 electronic navigation maps; and regional investigations in terms of geological mapping, mineral geology, geophysics, geochemistry, hydrogeology, environmental geology, geological disasters, and remote sensing geology is prohibited.</p>
XI. Water Conservancy and Environmental and Public Facilities Management		
(XXV)	Wild Animal and Plant Resource Protection	<p>34. Investment in the development of wildlife resources originating in China and under national protection measures is banned.</p>
XII. Education		
(XXVI)	Education	<p>35. Preschool education, general senior high schools, and institutions of higher education can be set up through cooperation only and controlled by the Chinese party (with principals and principal administrators having Chinese nationality and having settled within the territory of China and Chinese members of the board of governors, the board of directors, or the joint management committee accounting for not less than a half of the total members). (Foreign educational institutions, other organizations, and individuals are not allowed to set up schools and other educational institutions [excluding non-academic vocational skills training] mainly targeting Chinese students, but foreign educational institutions may cooperate with Chinese ones in organizing educational institutions with Chinese citizens as the main target of enrollment.)</p> <p>36. Investment in institutions offering compulsory education and religious educational institutions is banned.</p>
XIII. Health and Social Work		

(XXVII)	Health	37. Investment in medical institutions is limited to joint ventures and cooperative operations.
XIV. Culture, Sports, and Entertainment		
(XXVIII)	Press and Publishing	<p>38. Investment in news agencies (including but not limited to press agencies) is prohibited. (Foreign news organizations must obtain approval from the Chinese government to set up resident news organizations in China and send resident reporters to China. News business provided by foreign news agencies in China must be approved by the Chinese government. Business cooperations between Chinese and foreign news agencies must be led by the Chinese party and approved by the Chinese government.)</p> <p>39. Investment in editing, publishing, and producing books, newspapers, periodicals, audio-visual products, and electronic publications is not allowed. (However, with the approval of the Chinese government, Chinese and foreign publishers can publish via cooperation subject to the Chinese party's operational dominance and the right of final adjudication of the content and other conditions required by the Chinese government. It is forbidden to provide financial information services in China without the approval of the Chinese government.)</p>
(XXIX)	Radio and Television Broadcasting, Transmission, Production, and Operation	<p>40. Investment in all levels of broadcasting stations, television stations, radio and television channels (frequency), and 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, cable broadcasting and television transmission networks, etc.) as well as engagement in the video-on-demand business of radio and TV and in the provision of services of installation of ground receiving facilities for satellite television broadcasting are prohibited. (An approval system is applied for the landing of foreign satellite channels.)</p> <p>41. Investment in radio and television program production and operation (including business introduction) companies is prohibited. (The introduction of foreign TV dramas and other foreign TV programs by satellite transmission shall be reported by units designated by SARFT. A licensing system is practiced for the Sino-foreign cooperative production of TV dramas [including TV cartoons].)</p>
(XXX)	Film Production, Distribution, and	42. The construction and operation of a cinema shall be controlled by the Chinese party. (Film and movie projection

	Projection	<p>shall conform to the time scale for domestic films and imported films set by the Chinese government. The projection unit shall not spend less than 2/3 of the total time for the projection of domestic films in a year.)</p> <p>43. Investment in movie production companies, distribution companies, and cinema companies as well as movie introduction business is prohibited. (However, upon approval, Chinese and foreign enterprises are allowed to cooperate in making films.)</p>
(XXXI)	Protection of Cultural Relics	<p>44. Investment in companies selling cultural relics, cultural relic stores, and state-owned cultural relic museums is prohibited. (Immovable cultural relics and cultural relics prohibited by the state from leaving the country are prohibited from being transferred, mortgaged, or leased to foreigners. It is not allowed to establish or operate intangible cultural heritage investigation institutions; foreign organizations or individuals shall cooperate with China and obtain special approval for investigating intangible cultural heritages or conducting archaeological investigations, explorations, and excavations within the territory of China.)</p>
(XXXII)	Culture and Entertainment	<p>45. Cultural and artistic performance groups must be controlled by the Chinese party.</p>

Note: The English version is for reference only. For more information, please refer to the Chinese authoritative version.