

Special Administrative Measures for Foreign Investment Access (Negative List) (2020 Edition)

Notes

I. The Special Administrative Measures for Foreign Investment Access (Negative List) (hereinafter referred to as the “Negative List”) uniformly set out special administrative measures for foreign investment access regarding equity requirements and requirements for senior management. Sectors not covered in the Negative List shall be subject to administration in accordance with the principle of equal treatment for domestic and foreign investments.

II. The Negative List has specific transition periods for certain sectors to eliminate or relax their investment restrictions, after which such restrictions shall be duly eliminated or relaxed.

III. Overseas investors are forbidden to engage in investment activities as owners of individual businesses, investors of sole proprietorships, or members of farmers’ professional cooperatives.

IV. In the course of performing their duties in accordance with the law, the relevant competent authorities shall refuse to handle a license application, business registration, or any other related matter for any overseas investor intending to invest in a sector covered in the Negative List but not in compliance with the provisions of the Negative List; and refuse to handle the relevant approval matters if the approval involves any fixed-asset investment

project. Overseas investors shall not establish foreign-invested partnerships when investing in sectors with equity requirements.

V. The provisions of the Negative List on the relevant fields may not apply to specific foreign investment once reviewed by relevant authorities of the State Council and approved by the State Council.

VI. Mergers and acquisitions of affiliated domestic companies by overseas companies legally established or controlled by domestic companies, enterprises, or natural persons thereby shall be handled in accordance with the relevant provisions on foreign investments, overseas investments, and foreign exchange administration.

VII. Relevant measures for administrative approval, qualifications and national security in cultural, financial, and other fields that are not listed in the Negative List shall be carried out according to the existing provisions.

VI. Where the *Mainland and Hong Kong Closer Economic Partnership Arrangement* and its follow-up agreements, the *Mainland and Macao Closer Economic Partnership Arrangement* and its follow-up agreements, the *Cross-Straits Economic Cooperation Framework Agreement* and its follow-up agreements, and any international convention or treaty of which China is a contracting state or to which China has acceded, set out provisions on access treatment for overseas investors that are more preferential, such provisions shall apply. If more preferential opening-up measures are taken for eligible investors in special economic zones such as pilot free trade zones, relevant provisions shall apply.

IX. The Negative List shall be construed by the National Development and Reform Commission and the Ministry of Commerce in concert with the relevant authorities.

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NO.	Special Administrative Measures
I. Agriculture, forestry, animal husbandry, and fishery	
1	The Chinese side shall hold no less than 34% of the shares for the selection of new wheat varieties and seed production, and the selection of new corn varieties and seed production shall be controlled by the Chinese side.
2	Investment in research and development, cultivation and plantation of Chinese rare and unique precious fine varieties, as well as manufacturing of the relevant propagating materials, (including fine genes of planting, animal husbandry, and aquaculture), shall be prohibited.
3	Investment in breeding genetically modified varieties of crop seeds, livestock and poultry breeds and aquatic breeds, as well as manufacturing of genetically modified seeds (seedlings) thereof, shall be prohibited.
4	Investment in fishing of aquatic products in sea areas and inland waters under Chinese jurisdiction shall be prohibited.
II. Mining	
5	Investment in exploration, mining, and beneficiation of rare earth, radioactive minerals, and tungsten shall be prohibited.
III. Manufacturing	
6	For the printing of publication, the controlling stake shall be held by the Chinese side.

7	Investment in the application of processing techniques of Chinese herbal medicine such as steaming, stir-frying, moxibustion, and calcination as well as the production of confidential prescription products of Chinese patent medicine shall be prohibited.
8	Except for special purpose vehicles, new energy vehicles, and commercial vehicles, the Chinese side shall hold no less than 50% of the shares in complete automobile manufacturing, and a foreign investor may establish in China two or fewer joint ventures which manufacture the same type of complete automobile products. (The restriction on the shareholding percentage of foreign investors in the manufacturing of passenger cars and the restriction that one foreign investor may establish in China not more than two joint ventures which manufacture the same type of complete automobile products will be removed in 2022).
9	Satellite television broadcasting ground receiving facilities and key components production.
IV. Production and supply of electricity, heat, gas, and water	
10	The controlling stake in the construction and operation of nuclear power plants shall be held by the Chinese side.
V. Wholesale and retail trade	
11	Investment in wholesale and retail of tobacco, cigarettes, re-dried leaf tobacco, and other tobacco products shall be prohibited.
VI. Transportation, warehousing and mail industries	
12	Domestic water transport companies must be controlled by the Chinese side.

13	The controlling stake of public air transport companies shall be held by the Chinese side, with no more than 25% investment ratio of a foreign investor and its affiliates, and its legal representative shall be a Chinese citizen. The legal representative of general airlines must also be a Chinese citizen and general airlines for agriculture, forestry and fishery are subject to the form of equity joint venture, and for other general airlines, the controlling stake shall be held by the Chinese side.
14	For the construction and operation of civil airports, a comparative controlling stake shall be held by the Chinese side. And foreign parties shall not participate in the construction and operation of the airport tower.
15	Investment in postal companies and domestic express mail business shall be prohibited.

NO.	Special Administrative Measures
VII. Information transmission, software, and information technology service industry	
16	Telecommunications companies: subject to telecommunications services opened up pursuant to China's WTO commitments; the foreign share ratio for value-added telecom services (except for e-commerce, domestic multi-party communications, storage forwarding, and call centers) shall not exceed 50%; and the controlling stake of basic telecom services shall be held by the Chinese side.
17	Investment in Internet news information service, Internet publishing service, Internet audiovisual program service, cyberculture operation (except for music), and Internet public information dissemination service (except for contents opened up in China's WTO commitments) shall be prohibited.
VIII. Leasing and commercial service industry	
18	Investment in Chinese legal matters (except for provision of information on the impact of Chinese legal environment) shall be prohibited and foreign investors shall not be the partner of a domestic law firm.
19	Market surveys shall be limited to the form of equity joint venture and the controlling stake of radio and television rating survey shall be held by the Chinese side.
20	Investment in social surveys shall be prohibited.
IX. Scientific research and technical service industry	
21	Investment in the development and application of human stem cells and gene diagnosis and treatment technologies shall be prohibited.
22	Investment in humanities and social science research institutions shall be prohibited.

23	It is prohibited to invest in geodetic surveying, marine surveying, and charting, aerial photography for surveying and mapping, ground motion surveying, surveying and mapping of administrative boundaries, compilation of topographic maps, world administrative area maps, national administrative area maps, maps of administrative areas at or below the provincial level, national teaching maps, local teaching maps, true three-dimensional maps, and electronic navigation maps and surveys on regional geological mapping, mineral geology, geophysics, geochemistry, hydrogeology, environmental geology, geological disasters and remote sensing geology (the mining right holders are not subject to these special administrative measures when carrying out work within the scope of their mining rights).
X. Education	
24	Pre-school, ordinary high school, and higher education institutions are subject to the form of Sino-foreign cooperative education and must be led by the Chinese side (the president or the chief administrator shall have Chinese nationality, and no less than half of the members of the council, board of directors or joint administrative committee shall be Chinese people).
25	Investment in compulsory education institutions and religious education institutions shall be prohibited.
XI. Health and social work	
26	Medical institutions are limited to the form of joint venture.
XII. Culture, sports and entertainment	
27	Investment in news organizations (including but not limited to news agencies) shall be prohibited.

28	Investment in the editing, publishing and production business of books, newspapers, periodicals, audiovisual products, and electronic publications shall be prohibited.
29	Investment in various levels of radio stations, television stations, radio and television channels, radio and television transmission network (transmitter stations, relay stations, radio and television satellites, satellite uplink stations, satellite receiving stations, microwave stations, surveillance stations, and cable radio and television transmission network, etc.) shall be prohibited. It is also prohibited to engage in radio and TV video-on-demand business and the installation services of ground receiving facilities for satellite TV broadcasting.

NO.	Special Administrative Measures
30	Investment in companies producing and operating radio and television programs (including brought-in businesses) shall be prohibited.
31	Investment in film production companies, distribution companies, cinema companies, and film importation businesses shall be prohibited.
32	Investment in auction companies for heritage auctions, heritage stores, and state-owned heritage museums shall be prohibited.
33	Investment in art performing groups shall be prohibited.