

# China's 2007 "Industrial Catalog for Foreign Investment"

## Restrictions and prohibitions on foreign investment

"Industrial Catalog for Foreign Investment (2007 Amendment)" has been approved by the State Council, is to be published December 1, 2007 effective upon promulgation. On November 30, 2004 the National Development and Reform Commission, Ministry of Commerce issued the "Industrial Catalog for Foreign Investment (2004 Amendment)", which will cease to be enforced.

October 31, 2007

Industrial Catalog for Foreign Investment

(2007 Amendment)

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### **Restrictions on foreign investment directory**

1, agriculture, forestry, animal husbandry, fisheries

1. Development, breeding and production of new varieties of crops and seeds (Chinese side must hold controlling share)

2. Precious species lumber processing (limited to joint ventures, cooperatives)

3. Cotton (unginned cotton) processing

2, the mining industry

1. Special and scarce coal exploration, mining (Chinese side must hold controlling share)

2. Barite prospecting, mining (limited to joint ventures, cooperatives)

3. Precious metals (gold, silver and platinum group) exploration, exploitation

4. Diamonds and other valuables of the non-metallic mineral exploration, mining

5. Phosphate rock mining, beneficiation

6. Brucite boron and boron-magnesium iron ore mining

7. Celestite mining

8. Ocean manganese nodules, sea sand mining (Chinese side must hold controlling share)

3, manufacturing

(1) Secondary agricultural food processing industry

1. Soybeans, edible oil processing rapeseed (Chinese side must hold controlling share), corn deep processing

2. Biological liquid fuel (fuel ethanol, biodiesel) production (Chinese side must hold controlling share)

(2) Beverage manufacturing

1. Rice wine, and famous liquor production (Chinese side must hold controlling share)

2. Carbonated beverage production

(3) The tobacco industry

1. leaf re-roast tobacco processing production

(4) printing and reproduction of recorded media

1. Publications printing (Chinese side must hold controlling share, except for packaging and decoration printing)

(5) oil processing and coking industry

1. Construction, operation of refineries with annual output of 8 million tons and below

(6) the chemical materials and chemical products industry

1. Caustic soda (sodium hydroxide), potash (potassium hydroxide) production

2. Photosensitive material production

3. Production of aniline

4. Control of precursor chemicals production (ephedrine, 3,4 - subunit dioxane phenyl -2 - acetone, phenylacetic acid, 1 - phenyl -2 - acetone, pepper aldehyde, yellow camphor, naphthalene from yellow, acetic anhydride)

5. HCFCs or HCFCs hydrogen, ethylene tetrafluoroethylene, aluminum fluoride, hydrofluoric acid production
6. Butadiene rubber, emulsion styrene-butadiene rubber, thermoplastic styrene-butadiene rubber production
7. Methane chloride (except mono-methalene chloride), calcium carbide production of PVC
8. Production of Sulfuric acid method titanium whitener, open-hearth furnace potassium permanganate
9. Boron magnesium iron ore processing
10. Barium salt, strontium salt production

(7) pharmaceutical manufacturing

1. Production of Chloramphenicol, penicillin G, lincomycin, gentamycin, streptomycin dihydrochloride, amikacin, tetracycline hydrochloride, oxytetracycline, McGrady adriamycin, adriamycin-grain white, Ciprofloxacin, norfloxacin, Ofloxacin
2. Production of analgin, paracetamol, vitamin B1, vitamin B2, vitamin C, vitamin E, vitamin agents and a variety of oral calcium
3. Production of National EPI vaccines (except BCG and polio vaccines), vaccine type and anti-toxin, toxoid type (DPT, measles, meningitis B, meningitis vaccines, etc.)
4. Production of narcotic drugs and similar psychotropic substance drug material (Chinese party holds controlling share)
5. Blood products production
6. Production of non-degradable disposable syringes, vials, transfusion devices, and pouches

(8) chemical fiber manufacturing

1. Conventional spinning slice of chemical fiber extraction production
2. Viscose staple fiber production

(9) the rubber products industry

1. old tire renovation (except for radial tire) and production of low performance industrial rubber parts

(10) non-ferrous metal smelting and pressing industry

1. Tungsten, molybdenum, tin (except tin compounds), antimony (containing antimony oxide and antimony sulfide), and other rare metals smelting

2. Electrolytic aluminum, copper, lead, zinc and other non-ferrous metal smelting

3. Rare earth smelting, separation (limited to joint ventures, cooperatives)

(11) the fabricated metal products industry

1. Container production

(12) General equipment industry

1. Rough manufacturing of various types of general-level (P0) bearings and electrical parts thereof (Ball, carriage)

2. 300 ton and below wheel or track type crane manufacturing (limited to joint ventures, cooperatives)

(13) special equipment manufacturing

1. Mid/low grade type B ultrasound imaging instrument manufacturing

2. General polyester filament long and short fiber equipment manufacturing

3. Manufacturing of 320 horsepower and below bulldozers, 30-ton and below hydraulic excavators, 6-ton and below wheel loaders, 220 horsepower and below ground planes, rollers, forklifts, 135-ton and below highway dump trucks, road-repairing mechanical milling equipment, landscaping machinery and equipment and commercial concrete machinery (pumps, truck mixers, mixing stations, pump trucks)

(14) transportation equipment industry

1. Ordinary ship (including sub-categories thereof) repair, design and manufacture (Chinese party holds controlling share)

(15) Communication equipment, computer and other electronic equipment manufacturing industry

1. Production of Satellite broadcasting ground reception facilities and key equipment

2. Cash Register product manufacturing

4, electricity, gas and water production and supply industry

1. In Tibet, Xinjiang, Hainan, and other small power grids, construction and operation of 300,000-kilowatt standalone capacity and below coal-fired condensing steam power plants and 100,000-kilowatt standalone capacity and below dual-use coal-fired generating units with condensed steam extraction cogeneration power plants

2. Grid construction, operation (Chinese party holds controlling share)

5, transport, storage and postal industry

1. Railway cargo transport companies

2. Railway Passenger Transport Companies (Chinese party holds controlling share)

3. Highway passenger transport companies

4. cross-border trucking companies

5. Waterborne transport companies (Chinese party holds controlling share)

6. Photography, mine prospecting, and industrial use airline companies (Chinese party holds controlling share)

7. Telecommunications companies: value-added telecommunications services (the proportion of foreign capital not exceeding 50%), basic telecommunications in the shift Fixed voice and data services (the proportion of foreign capital not exceeding 49%), basic telecommunications business in the domestic and international operations (foreign capital ratio does not exceed 35 percent, no later than December 11, 2007 to allow foreign capital ratio of 49%)

6, wholesale and retail trade

1. Direct sales, mail order, Internet marketing, franchising, trust management, business management, and other commercial companies

2. Grain, cotton, vegetable oil, sugar, medicines, tobacco, motor vehicles, crude oil, pesticides, plastic sheeting, chemical fertilizer wholesale, retail and distribution (set up over 30 outlets with sales from a number of suppliers of different types and brands of commodities, outlet chain is to be controlled by the Chinese side)

3. Distribution of audio-video products, except films (limited to cooperatives, Chinese side holds controlling share)

4. Merchandise auction

5. Shipping Agencies (Chinese party must hold controlling share), foreign ship cargo handling (limited to joint ventures, cooperatives)

6. Construction, operation of refined oil product wholesale and petrol filling stations (if a foreign investor sets up a gas station chain with over 30 outlets and sales from a number of suppliers of different types and brands of refined oil products, Chinese party must hold controlling share)

#### 7, the financial sector

1. Banks, leasing finance companies, financial companies, trust and investment companies, currency brokerage companies

2. Insurance companies (foreign investment ratio in life insurance companies not to exceed 50%)

3. Securities firms (limited to the underwriters in the A-shares and B-shares and H-shares, as well as government and corporate bond underwriting and trading, foreign capital ratio of not more than 1 / 3), securities investment fund management companies (foreign ratio does not exceed 49%)

4. Insurance brokerage

5. Futures companies (Chinese party holds controlling share)

#### 8, the real estate industry

1. Plots of land development (limited to joint ventures, cooperatives)

2. Luxury hotels, villas, high-grade office and International Convention Center construction and operation

3. Real estate secondary market transaction companies, real estate agencies or brokers

#### 9, leasing and business services sector

1. Legal advice

2. Market research (limited to joint ventures, cooperatives)

3. Due diligence and credit rating services companies

10, scientific research, technical services and geological exploration industry

1. Surveying companies (Chinese party holds controlling share)
2. Import and export commodities inspection, identification, authentication company
3. Photography services (including aerial photography and other specialty photography services, but does not include mapping aerial photography, limited to joint ventures)

11, water conservancy, environment and public facilities management industry

1. Large city gas, heat and drain network construction, operation (Chinese party holds controlling share)

12, education

1. Ordinary high school educational institutions (limited to joint ventures, cooperatives)

13, public health, social security and social welfare industry

1. Medical institutions (limited to joint ventures, cooperatives)

14, culture, sports and recreation

1. Radio and television program production projects and film production projects (restricted to cooperatives)
2. Cinema construction and operation (Chinese party holds controlling share)
3. Large-scale theme park construction, operation
4. Performances brokerage sector (Chinese party holds controlling share)
5. Entertainment business (limited to joint ventures, cooperatives)

15 industry restrictions stipulated in agreements or international treaties China has signed or acceded

### **Prohibiting foreign-invested industrial catalog**

1, agriculture, forestry, animal husbandry, fisheries

1. China's rare and unique species of precious fine breeding, cultivation (including planting, animal husbandry, aquaculture excellent genes)
2. Transgenic plant seeds, livestock and poultry species, aquatic breeds development, production
3. China jurisdictional waters and aquatic products inland fishing waters

## 2, the mining industry

1. Tungsten, molybdenum, tin, antimony, fluorite exploration, exploitation
2. Rare earth exploration, mining, mineral processing
3. Radioactive mineral exploration, mining, mineral processing

## 3, manufacturing

### (1) beverage manufacturing

1. traditional Chinese processing of green tea and special tea (Famous Tea, black tea, etc.)

### (2) Medicine manufacturing

1. Included in the "wild herbs Resources Protection Ordinance" and "China Rare and Endangered Plants List" of Chinese herbal medicine processing
2. Medicine Slices of steamed, fried, cauterized, CALCINED, etc. cauterizing gun technology applications and products that preserve confidentiality of proprietary Chinese medicine prescriptions

### (3) The non-ferrous metal smelting and pressing industry

1. Radioactive mineral smelting, processing

### (4) special equipment manufacturing

1. Manufacture of weapons and ammunition

### (5) Electrical machinery and equipment manufacturing industry

1. Open orifice-type (that is, direct efflux of acid mist) lead-acid batteries, mercury silver oxide button batteries, paste-type zinc-manganese batteries, Ni-Cd battery manufacturing

(6) industrial products and other manufacturing industries

1. Elephant tusk carving
2. Tiger bone processing
3. Tuotai lacquerware production
4. Enamel products production
5. Xuan paper, ink ingot production
6. Carcinogenic, teratogenic, mutagenic products and persistent organic pollutants products

4, electricity, gas and water production and supply industry

1. Tibet, Xinjiang, Hainan, and other small power grid, stand-alone capacity 300,000 kilowatt and below coal-fired condensing steam power plant, standalone capacity 100,000 kilowatt and below coal-fired condensing steam extraction dual-use cogeneration power plant construction, operation

5, transport, storage and postal industry

1. Air traffic control company
2. Postal service company

6, leasing and business services sector

1. Public polling

7, scientific research, technical services and geological exploration industry

1. Human stem cell, gene diagnosis and treatment technology development and application
2. Geographic surveys, marine mapping, mapping survey aerial photography, administrative boundary mapping, topographical maps prepared in making of other maps, ordinary maps prepared by electronic navigation

8, water conservancy, environment and public facilities management industry

1. Construction, operation of Nature Reserves and Wetlands of International Importance

2. Nationally protected development of China's original wild animal and plant resources

9. Education

1. Compulsory education institutions, military, police, political and party schools, and other areas of special educational institutions

10, culture, sports and recreation

1. News agency

2. Books, newspapers, periodicals, publishing, general distribution and import business

3. Audio-video products and electronic publications, production and import business

4. Radio (stations), television (stations), radio and television channels (rate) and radio and television transmission coverage (transmitters, relay stations, radio and television satellites, satellite uplink stations, satellite receiver stations, microwave stations, monitoring stations and cable-television transmission coverage networks) at all levels

5. Operating radio and television program production companies

6. Film production companies, distribution companies, cinemas company

7. News websites, network audio-visual program services, Internet service sites, the Internet business culture

8. Video show companies

9. Golf course construction, operation

10. Gambling industry (including gambling category Happy Valley Field)

11. Sex industry

11, other industries

1. projects that endanger security and effectiveness of military facilities

12 countries and China has signed or acceded to the international treaties prohibit other industries