

## Translation



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The following notice by China's Ministry of Commerce announces new policies to spur foreign investment in key industrial sectors in the context of PRC President Xi Jinping's "new development pattern," which prioritizes Chinese consumption-driven economic development as a counterweight to the U.S. strategy of decoupling. The notice urges the expansion of blacklists that bar certain foreign entities from investing in China, but the bulk of the new measures encourage foreign investment in cross-border free trade zones and other such specialized settings.

### Title

Notice of the Ministry of Commerce on Focusing on Constructing the New Development Pattern and Doing a Good Job of Stabilizing Foreign Investment

商务部关于围绕构建新发展格局 做好稳外资工作的通知

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PRC Ministry of Commerce (MOFCOM; 商务部)

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## Notice of the Ministry of Commerce on Focusing on Constructing the New Development Pattern and Doing a Good Job of Stabilizing Foreign Investment

In order to implement the spirit of the Fifth Plenum of the 19th Chinese Communist Party (CCP) Central Committee and the spirit of the Central Economic Work Conference, implement national commerce work video conferencing requirements, seize the new stage of development, implement the new development concept, and establish the new development pattern, steadfastly work toward the "six stabilizes"<sup>1</sup>

<sup>1</sup> Translator's note: The "six stabilizes" ("六稳") are: "stabilize employment, stabilize the financial markets,

and fully implement the “six guarantees,”<sup>2</sup> focus efforts on optimizing the structure and improving the quality of foreign investment while keeping total investment stable, and stabilize the basic foundation of foreign trade and foreign investment, this annual notice on foreign investment is hereby issued:

**I. Opening up to the outside to a greater degree, and attracting more high-quality foreign factors of production (要素) and resources to promote domestic great circulation<sup>3</sup>**

**1. Further implement the pre-access domestic treatment and negative list (负面清单) system.** Implement the 2020 versions of the *Special Administrative Measures (Negative List) on Access to Foreign Investment*, the *Special Administrative Measures (Negative List) for Foreign Investment Access to Pilot Free Trade Zones*, and the *Special Administrative Measures (Negative List) for Foreign Investment Access to the Hainan Free Trade Port* to ensure opening-up measures are put in place and take effect in the automotive, finance, and other sectors. Further clean up the foreign investment access restrictions on top of those in the negative lists, and strictly enforce the list of prohibited sectors.

**2. Implement the Catalogue of Industries for Encouraging Foreign Investment (2020).** Utilize incentive policies, make full use of the effects of preferential tax, land use, and other policies, intensify efforts to attract investment, encourage increased foreign investment in areas such as advanced manufacturing, emerging industries, high-tech industries, energy conservation, and environmental protection to further promote improvement of the level of development of Chinese industry.

**3. Promote the integrated introduction of investment, technology, knowledge, and talent.** Implement policies and measures to stabilize foreign investment, promote the lowering of the policy thresholds for setting up foreign-funded research and development centers, and guide foreign investors to increase their investments in scientific and technological innovation in China. Examine relevant municipal and provincial practices in the Guangdong-Hong Kong-Macau Greater Bay Area, and based on the results of said examination, introduce more competitive policies and measures in

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stabilize foreign trade, stabilize foreign investment, stabilize investment, and stabilize expectations" (稳就业、稳金融、稳外贸、稳外资、稳投资、稳预期).

<sup>2</sup> Translator's note: The "six guarantees" ("六保") are: "guarantee employment for citizens, guarantee the people's basic livelihoods, guarantee the mainstay status of the market, guarantee food and energy security, guarantee the stability of the production chain and the supply chain, and guarantee basic operations" (保居民就业、保基本民生、保市场主体、保粮食能源安全、保产业链供应链稳定基操运转).

<sup>3</sup> Translator's note: "Domestic great circulation" (国内大循环) refers to the domestic component of the "new economic pattern" (新发展格局) that Xi Jinping introduced in 2020. The new economic pattern is to consist of domestic great circulation, a.k.a. a domestic consumption-led economy, in a mutually reinforcing relationship with "domestic and international dual circulation" (国内国际双循环).

areas such as child education and personal income tax concessions to actively recruit the world-class international talent that is urgently needed for high-quality development.

**4. Draw up a Development Plan for Utilizing Foreign Investment Under the '14th Five-Year Plan.'** Thoroughly implement the spirit of the Fifth Plenum of the 19th CCP Central Committee and strengthen the plans for utilizing foreign investment during the 14th Five-Year Plan period by drawing up a *Development Plan for Utilizing Foreign Investment Under the '14th Five-Year Plan'* to provide guidance for further opening up during the 14th Five-Year Plan period and actively utilizing foreign investment.

## **II. Improve the platforms for opening up to create points of connection and support for domestic and foreign dual circulation<sup>4</sup>**

**5. Expand areas for reform and opening up.** Accelerate the stress tests for opening up pilot free trade zones and promote the continued opening of sectors such as the digital economy and the internet. Accelerate reform and innovation to liberalize and facilitate trade and investment, draw up a negative list for the cross-border trade in services in pilot free trade zones, and make sure more institutional innovations and achievements are replicated and promoted nationwide. Help pilot free trade zones leverage their unique advantages according to their strategic positioning and promote the opening up and development of the corresponding production and supply chains. Implement the overall plan for establishing a free trade port in Hainan and promote the liberalization and facilitation of trade and investment there.

**6. Further develop pilot demonstration projects for the expanded opening of the service sector.** Build a national comprehensive demonstration zone in Beijing to further open up the service sector, implement pilot projects, amend supporting regulations in a timely manner, improve understanding of policies, and promote pilot policy implementation. Optimize the distribution of pilots for the broader opening up of the service sector, launch advanced trials and diversified exploration, and create a new series of pilot and experimental practices to be replicated and promoted nationwide.

**7. Promote the innovation and upgrading of national economic development zones.** Amend, issue, and thoroughly implement new measures for assessing and evaluating the comprehensive development of national economic development zones and strengthen the role that high-quality development plays in stabilizing foreign trade and investment. Leverage the advantages of industrial clusters in national economic

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<sup>4</sup> Translator's note: Under the "new development pattern" (新发展格局) introduced by Xi Jinping in 2020, domestic consumption-driven "domestic great circulation" (国内大循环) is to be the mainstay of the Chinese economy and to have a mutually reinforcing relationship with "domestic and foreign dual circulation" (国内国外双循环), that is, the Chinese economy's interaction with the global economy.

development zones and foster clusters in strategic emerging industries, such as electronic information, smart manufacturing, biotech and pharmaceuticals, and advanced manufacturing. Encourage economic development zones located in China's interior to actively transfer labor-intensive, export-oriented enterprises to China's eastern coastal region to promote the orderly relocation of industries within China. Encourage local governments to delegate more power to national economic development zones, improve the level of government services in these development zones, and create a first-class business environment. Leverage such platforms as the Cooperative Development Alliance of the Yangtze River Economic Belt National Economic Development Zone and implement successful investment promotion initiatives.

**8. Increase the development of border and cross-border economic cooperation zones.** Continue to promote the rolling development of “small groups and teams” (“小组团”), embrace unique industries, and cultivate their advantages. Ensure smooth production and supply chains in border areas to promote the innovative development of border trade. Improve systems, mechanisms, and industrial park management. Implement the results from the first meeting of the China–Kazakhstan Horgos International Border Cooperation Center ministerial coordination mechanism and accelerate the building of the China–Laos Mohan–Boten Economic Cooperation Zone. Research optimal locations for border and cross-border economic cooperation zones. Deepen effective cooperation between national-level economic development zones and border and cross-border economic cooperation zones.

**9. Actively promote regional opening up and development.** Implement strategies and measures, such as the western development strategy, the northeast revitalization plan, the rise of central China initiative, the integrated development of Beijing, Tianjin, and Hebei, the development of the Yangtze River Economic Belt, the Yangtze River Delta Integration, and the development of the Guangdong-Hong Kong-Macau Greater Bay Area, and continuously optimize the areas where regional opening up is occurring. Support the comprehensive acceleration of the opening up to the outside of Xiong'an New Area. Promote the ecological protection and high-quality development of the Yellow River Basin and the construction of the Chengdu–Chongqing Twin Cities Economic Circle.

### **III. Increase investment in the production chain, and promote international and domestic production chain integration**

**10. Innovate how investment is attracted.** Focus on key production and supply chains, fully leverage information technology, use online methods such as remote promotion, video conferencing, online discussion, cloud-based signature platforms, etc., continue to ramp up investment attraction efforts, and leverage the important role of

foreign investment in stabilizing, complementing, solidifying, and strengthening production and supply chains. Ensure major foreign-funded projects introduced in key sectors comply with the national industrial development plan and all relevant procedures as required by law, so as to avoid aimless investment and redundant construction.

**11. Actively attract strategic investment.** Research and improve the systems for managing strategic investments in listed companies by foreign investors, and relax the requirements on such investments, such as qualification criteria, shareholding percentages, shareholding lockup periods (持股锁定期), etc. Taking local conditions into account, actively introduce facilitation measures and attract foreign investment for setting up regional headquarters and functional departments such as those for fund management, procurement, sales, etc.

**12. Develop various types of investment promotion initiatives.** Make use of China's bilateral and multilateral investment promotion programs with countries such as Japan, South Korea, Singapore, the United Kingdom, the Netherlands, Denmark, etc., and intensify efforts to promote the investment environments and projects of local governments. Coordinate and organize "multinational company, local industry" campaigns to help build bridges between multinational companies' investment strategies and local competitive industries.

**13. Leverage various expos and conventions.** Successfully organize major expos, such as the China International Import Expo, China International Fair for Investment and Trade, Expo China Central, and the China International Fair for Trade in Services. Play a role in encouraging investment and aggressively promote all kinds of investment attraction and project promotion activities. Support the organization of the World Manufacturing Convention and the Qingdao Multinationals Summit while making each unique, local investment promotion platform more professional and effective.

#### **IV. Improve the foreign investment service guarantee system to ensure key foreign-funded enterprises operate smoothly in the production and supply chains**

**14. Improve the service mechanism for foreign investment.** Give full play to the role of foreign trade and foreign investment coordination mechanisms and their dedicated key foreign investment project teams and strengthen the service guarantees for foreign-funded enterprises and key foreign-funded projects. Accounting for local conditions, further improve the service and work mechanisms for foreign-funded enterprises and projects, strengthen both horizontal and vertical linkages, and promptly resolve the issues and problems encountered by foreign-funded enterprises and projects. Thoroughly research and make policy recommendations for general problems and institutional or policy-related issues reported by foreign-funded enterprises.

**15. Strengthen the services for connecting key foreign-funded enterprises.**

Make full use of the direct reporting platforms for key foreign trade and foreign-funded enterprises and provide dynamic monitoring and tracking services for key enterprise operations. Identify the foreign-funded enterprises that are key leaders or links in the production chain, fully leverage information technology, reinforce contact and communication, stay up to date on companies' business situations and needs, and set up a mechanism for providing "one-on-one" service. Listen to the opinions and suggestions of foreign-funded enterprises, explain and promote policies, and respond to needs in a timely manner by holding forums and video conferences with both foreign chambers of commerce and multinational companies to maintain business expectations and confidence.

**16. Promote key foreign-funded projects to help them land and build more quickly.** Make dynamic adjustments to the list of key foreign-funded projects, add the key foreign-funded projects that meet the requirements for building the new development pattern to the list of those for which key services are provided, closely monitor project discussions, contract signing and building progress, increase support in areas such as land use, energy consumption, and funding, and promote the accelerated implementation and building of projects.

**17. Continue to expand foreign investment protections.** Set up a complaint mechanism for foreign-funded enterprises and leverage local entities to gather and track complaints. Accept and listen to complaints from foreign-funded enterprises as required by law and effectively safeguard the legitimate rights and interests of foreign investors. Promptly coordinate and resolve any issues of unfair treatment of foreign-funded enterprises to ensure orderly and fair competition.

**18. Use dedicated funds to develop foreign trade.** Use various financial support policies, such as the dedicated funds for foreign trade development, to provide financial support and assurance for improving the service system for foreign investment and promote the creation of open platforms.

**V. Deepen reforms to "delegate authority, streamline management, and improve service" ("放管服") to build an environment that is favorable for foreign investment and contribute to building the new development pattern**

**19. Further develop rules that support the Foreign Investment Law by simultaneously "making new laws, revising existing laws, and abolishing unnecessary laws" ("立改废").** Implement the Foreign Investment Law and its enforcement regulations and continue to thoroughly review the regulatory and normative documents that are inconsistent with or diverge from the Foreign Investment Law. Draw up supporting laws and regulations that account for local conditions to

ensure the rules for foreign investment promotion, protection, service, and management are strictly enforced.

**20. Improve the systems for managing foreign investment.** Optimize information reporting and data push processes, make systems stronger, make reporting information more convenient, and improve data accuracy and completeness. Improve the system for overseeing and inspecting information reporting, standardize oversight and inspection processes, and strengthen operational and post-operational oversight. Fully implement the *Measures for the Security Review of Foreign Investment*, improve the security review system for foreign investment, and effectively protect national security.

**21. Continue to make foreign investment easier.** Further reform the administrative approval system, improve the transparency and efficiency of administrative licensing, and aggressively promote reforms such as “notification–commitment” ( “告知承诺” ) and “acceptance despite temporary lack of documentation” ( “容缺受理” ). Make continuous updates to the *Foreign Investment Guide of the People’s Republic of China* and the “Invest in China” website and integrate and optimize regulations and policies, workflows, project information, etc. to facilitate foreign investment.

**22. Increase news coverage and public opinion channeling.** Increase news coverage and diversify the content publicized when introducing major policies focused on foreign investment. Actively summarize and publicize case studies about foreign-funded enterprises, provide proper guidance, promote positive energy, and create an atmosphere of favorable public opinion. Strengthen cooperation with overseas organizations and business associations, vigorously promote China’s opening-up policies abroad, and leverage storytelling about investing in China.

Departments in charge of commerce at all levels should be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and strengthen the “four consciousnesses”<sup>5</sup> and reinforce the “four confidences”<sup>6</sup> while achieving the “two upholds.”<sup>7</sup> We must fortify our sense of responsibility and our mission to stabilize foreign investment, strengthen confidence, work collectively, act boldly, successfully

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<sup>5</sup> Translator's note: The "four consciousnesses" ( “四个意识” ) are: (1) political consciousness, (2) consciousness of the big picture, (3) consciousness of the core leadership, and (4) consciousness of falling in line with Party directives (政治意识、大局意识、核心意识、看齐意识).

<sup>6</sup> Translator's note: The "four confidences" ( “四个自信” ) are: Confidence in the (1) path, (2) theory, (3) system, and (4) culture of socialism with Chinese characteristics (中国特色社会主义道路自信、理论自信、制度自信、文化自信).

<sup>7</sup> Translator's note: The "two upholds" ( “两个维护” ) are: (1) Firmly uphold General Secretary Xi Jinping's status as the core of the CCP Central Committee and his core status throughout the entire Party; and (2) firmly uphold the authority of and the centralized unified leadership of the CCP Central Committee (坚决维护习近平总书记党中央的核心、全党的核心地位，坚决维护党中央权威和集中统一领导).

carry out our foreign investment work, stabilize the basic foundation of foreign trade and investment, and ensure that the 14th Five-Year Plan starts strong and makes good progress, so that we may celebrate the 100th anniversary of the founding of the CCP with outstanding achievements.

Ministry of Commerce

February 25, 2021