

Notice by the General Office of the State Council Regarding Implementing the Standards for Domestic Products and Relevant Policies in Government Procurement¹

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Notice of the General Office of the State Council on Implementing Domestic Product Standards and Related Policies in Government Procurement

To the people's governments of all provinces, autonomous regions, and municipalities directly under the Central Government; and to all ministries, commissions, and institutions directly under the State Council:

In order to establish a unified, open, and orderly government procurement market system, improve the government procurement regime, and ensure that all types of market participants can participate in government procurement activities on an equal basis, and in accordance with the *Government Procurement Law of the People's Republic of China*, the *Foreign Investment Law of the People's Republic of China*, and other relevant laws and regulations, the following notice on implementing domestic product standards and related policies in government procurement is hereby issued with the approval of the State Council.

Chapter I Standards for Domestic Products

Domestic products shall meet the following conditions:

¹ Translated by Health Law Asia – Pharmaceutical, Medical Device, and Cosmetics Law



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1-Manufactured within the territory of China

Products shall be manufactured within the territory of the People's Republic of China, meaning that the transformation of attributes from raw materials and components to the final product is completed within China's customs territory.

“Transformation of attributes” refers to manufacturing, processing, assembly, or other procedures that result in a new product that is entirely different from the raw materials or components, and that possesses a new name and new characteristics (i.e., uses). The following minor operations do not constitute a transformation of attributes:

- (1) Operations carried out solely to ensure that a product maintains a certain condition during transportation or storage;
- (2) Packaging or presentation conducted for the purpose of transportation or sale of the product;
- (3) Affixing or printing brands, trademarks, logos, or other distinguishing marks on the product or its packaging;
- (4) Simple painting, polishing, or repackaging in smaller quantities;
- (5) Other circumstances that do not constitute a transformation of attributes.

2- The proportion of component costs produced within the territory of China shall meet the prescribed ratio. The calculation formula is as follows:

Cost of components produced within the territory of China / Total product cost ≥ Prescribed ratio

The Ministry of Finance, together with the relevant industry authorities, shall determine the prescribed proportion of component costs that must be produced within the territory of China on a product-by-product basis. Before the implementation of the specific requirements concerning the proportion of component costs produced within China for each product category, products that meet the condition set out in Item (1) of Article I of this Notice shall be deemed domestic products for the purposes of government procurement activities.

3-Compliance of Key Components and Key Processes of Certain Products with Relevant Requirements



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For certain products, and on the basis of meeting the conditions set out in Items (1) and (2) of Article 1 of this Notice, the key components and key processes thereof shall also comply with the requirements determined by the Ministry of Finance in conjunction with the relevant industry authorities that such components be manufactured, and such processes be completed, within the territory of China.

Within five years from the date of implementation of this Notice, the Ministry of Finance, together with the relevant industry authorities, shall—after fully seeking opinions from relevant domestic and foreign-funded enterprises, industry associations and chambers of commerce—adopt classified and prudent measures to determine, on a product-by-product basis, the proportion of component costs that must be incurred within China, as well as the relevant requirements for key components and key processes of the specified products. In accordance with the development conditions of the respective industries, a transition period of three to five years shall be established when issuing specific product requirements, so as to gradually establish a standards system for domestic products in government procurement and a mechanism for its dynamic adjustment.

Chapter II Scope of Application of Domestic Product Standards

The domestic product standards apply to goods, including goods involved in government procurement of both goods and services projects. Specifically, the goods to which the domestic product standards apply refer to goods listed in the *Government Procurement List of Goods*, but exclude the following: buildings and structures; cultural relics and exhibits; books and archives; special fauna and flora; agricultural, forestry, animal husbandry, and fishery products; minerals and ores; electricity, urban gas, steam and hot water, and water; food, beverages, and tobacco raw materials; and intangible assets.

Chapter III Support Policies for Domestic Products

Where both domestic products and non-domestic products compete in government procurement activities, price evaluation preferences shall, in accordance with law, be granted to domestic products. Specifically, a 20% price deduction shall be applied to the quoted prices of domestic products for evaluation purposes, and the evaluation shall be conducted on the basis of the deducted prices.

Where a procurement project or a procurement package contains multiple types of products, and the aggregate cost of the products provided by a supplier that meet the domestic-product standards accounts for 80% or more of the total cost of all products supplied by that supplier for the project or package, price evaluation preferences shall, in accordance with law, be



granted to all products supplied by that supplier. In such case, a 20% price deduction shall be applied to the supplier's total quoted price for all products, and the evaluation shall be conducted on the basis of the deducted price.

Chapter IV Policy Implementation Requirements

1-Rules for Calculating the Cost of Components Produced within China. The cost of components of products produced within China shall be calculated in accordance with the *Basic Rules for Calculating the Cost of Components Produced within China*.

2-Relevant Supporting Documents. Procuring entities and procurement agencies shall explicitly require suppliers, in the procurement documents, to provide a *Declaration on Compliance with Domestic Product Standards* or other supporting documents as prescribed by the Ministry of Finance in conjunction with relevant authorities. Products accompanied by a compliant Declaration or other prescribed supporting documents shall be regarded as domestic products, and procuring entities or procurement agencies shall not require suppliers to provide additional proof. Suppliers who submit false Declarations or false supporting documents to obtain contract awards shall be held liable in accordance with the *Government Procurement Law of the People's Republic of China* and other applicable laws and regulations.

Procuring entities and procurement agencies shall publish the Declaration or relevant supporting documents provided by the successful supplier simultaneously with the announcement of the award or transaction results.

3-Equal Treatment of All Types of Business Entities. State-owned enterprises, private enterprises, foreign-invested enterprises, and other types of business entities shall equally enjoy government procurement support policies for domestic products. Procuring entities and procurement agencies shall treat all business entities equally in the publication of procurement information, determination and review of supplier qualifications, and evaluation standards, thereby ensuring fair competition among all business entities. Regional authorities and government departments shall strengthen coordination and shall not introduce policies or measures that contravene the provisions of this Notice. In government procurement activities, no brand may be designated, nor may the place of brand registration or ownership be restricted, and suppliers shall not be subject to differential or discriminatory treatment based on ownership type, organizational form, equity structure, investor nationality, or other unreasonable conditions.

4-Compliance with International Treaties and Agreements. Where the People's Republic of China has concluded or jointly participates in international treaties or agreements that provide otherwise regarding policies for domestic products in government procurement, such treaties or agreements shall prevail.

Chapter V Dispute Resolution

In the handling of government procurement complaints and supervision inspections, the finance departments shall deal with disputes concerning domestic product standards in accordance with relevant laws, regulations, and provisions on government procurement. When necessary, the relevant authorities or professional institutions shall verify the matters in question. All relevant departments, professional institutions, and their personnel are obligated to maintain confidentiality regarding trade secrets learned in the course of handling government procurement complaints or conducting supervision inspections.

(1) In the handling of government procurement complaints and supervision inspections, when there is a dispute over whether a product or component is produced within China, the following principles shall apply:

1-For assembled products or components, the relevant suppliers and manufacturers shall provide the procurement contracts, purchase records, manufacturing, processing, and assembly records, as well as other supporting materials. If the above materials can demonstrate that the product or component is produced within China, the product or component shall be deemed to be domestically produced.

2-For products or components manufactured or processed directly from raw materials, such as steel, ceramic products, glass, and the like, the relevant suppliers and manufacturers shall provide information on the production site as legally indicated on the product or component packaging. If the production site is located within the customs territory of the People's Republic of China, the product or component shall be deemed to be domestically produced.

(2) In the handling of government procurement complaints and supervision inspections, if there is a dispute over whether the cost proportion of components produced within China, or the cost proportion of domestic products within a procurement project or procurement package, meets the prescribed ratio, the relevant suppliers and manufacturers shall provide accounting records for the components or products, procurement contracts, purchase records, and other supporting materials. The finance departments shall determine the cost proportion of domestically produced components in accordance with the relevant rules for calculating the cost of components produced in China.

(3) In the handling of government procurement complaints and supervision inspections, if there is a dispute over whether key components of a specific product are produced within China, the principles set forth in Item (1) of Article V of this Notice shall apply. If there is a dispute over whether key production processes of a specific product are completed within China, the relevant suppliers and manufacturers shall provide records or other materials proving that the key processes were completed domestically.



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In government procurement complaint handling and supervision inspections, if the relevant suppliers and manufacturers fail to provide the required supporting materials or the materials provided are insufficient to demonstrate that the product meets domestic product standards, they shall not be entitled to enjoy government procurement support policies for domestic products. If such failure affects or may affect the procurement outcome, the finance departments shall handle the matter in accordance with the relevant laws, regulations, and provisions on government procurement.

This Notice shall come into effect on January 1, 2026.

General Office of the State Council

September 28, 2025



6

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Basic Rules for Calculating the Cost of Components Produced within China

The cost of components produced within China is generally calculated based on the relevant costs of their secondary components. Where cost calculation at the level of primary components of the product can meet the requirements for determining the cost of components produced within China, the calculation may be based on the relevant costs of the primary components.

1-Definition of Components:

- a) A product's primary components refer to the components that directly constitute the product.
- b) A product's secondary components refer to the components that directly constitute the primary components of the product.
- c) If a primary component cannot be further decomposed, it shall be treated as a secondary component.

2-Cost Inclusion Rule:

- a) If a secondary component is produced within China, its full cost shall be included in the cost of components produced within China.
- b) If a secondary component is not produced within China, its cost shall not be included in the cost of components produced within China.

3-Basis for Calculation:

- a) The total cost of the product and the cost of its components shall be calculated based on relevant accounting data, procurement contracts, purchase records, and other supporting materials.

4-Further Clarifications:

- a) Any other matters requiring further clarification regarding the cost calculation rules shall be separately prescribed by the Ministry of Finance in conjunction with relevant departments.



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