



Foreign Investment Law of the People's Republic of China¹

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The Foreign Investment Law of the People's Republic of China was adopted at the Second Session of the 13th National People's Congress of the People's Republic of China on March 15, 2019. It is hereby promulgated and shall come into effect as of January 1, 2020.

President of the People's Republic of China Xi Jinping

March 15, 2019

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



Chapter I: General Provisions

Article 1

In order to further expand opening to the outside world, actively promote foreign investment, protect the legitimate rights and interests of foreign investors, regulate the administration of foreign investment, foster a new pattern of comprehensive opening-up, and promote the healthy development of the socialist market economy, this Law is formulated in accordance with the Constitution.

Article 2

Foreign investment within the territory of the People's Republic of China (hereinafter referred to as "China") shall be governed by this Law.

The term "foreign investment" as used in this Law refers to investment activities directly or indirectly conducted in China by natural persons, enterprises, or other organizations from foreign countries (hereinafter referred to as "foreign investors"), including the following circumstances:

- (1) Foreign investors, alone or jointly with other investors, establish foreign-invested enterprises in China;
- (2) Foreign investors acquire shares, equity interests, property shares, or other similar rights in enterprises within China;
- (3) Foreign investors, alone or jointly with other investors, invest in newly established projects within China;
- (4) Investments conducted in other manners as provided by laws, administrative regulations, or the State Council.

The term "foreign-invested enterprise" as used in this Law refers to an enterprise established in China in accordance with Chinese law, wholly or partly funded by foreign investors and duly registered in China.

Article 3

The State upholds the basic national policy of opening up and encourages foreign investors to invest in China in accordance with the law.



The State implements a high-level policy of investment liberalization and facilitation, establishes and improves mechanisms for promoting foreign investment, and fosters a market environment that is stable, transparent, predictable, and characterized by fair competition.

Article 4

The State shall implement a system of pre-establishment national treatment plus a negative list for foreign investment.

The term “pre-establishment national treatment” as used in the preceding paragraph refers to the treatment granted to foreign investors and their investments at the stage of investment access that is no less favorable than that granted to domestic investors and their investments. The term “negative list” refers to special management measures prescribed by the State for foreign investment in specific fields. Foreign investment outside the negative list shall be granted national treatment.

The negative list shall be promulgated or approved for promulgation by the State Council.

Where international treaties or agreements concluded or acceded to by the People's Republic of China provide more favorable treatment regarding market access for foreign investors, such provisions may be applied in accordance with the relevant treaties or agreements.

Article 5

The state protects, according to the law, foreign investors' investment, income, and other lawful rights and interests within China.

Article 6

Foreign investors and foreign-invested enterprises conducting investment activities within China shall comply with Chinese laws and regulations and shall not endanger national security or harm the public interest.

Article 7

The Ministry of Commerce of the State Council and the competent investment authorities shall, in accordance with their respective duties, carry out work relating to the promotion, protection, and administration of foreign investment. Other relevant departments of the State Council shall,



within the scope of their respective functions, be responsible for matters concerning the promotion, protection, and administration of foreign investment.

Departments of local people's governments at or above the county level shall, in accordance with laws, regulations, and the division of responsibilities determined by their respective people's governments, carry out work relating to the promotion, protection, and administration of foreign investment.

Article 8

Employees of foreign-invested enterprises shall have the right to establish labor unions and carry out union activities in accordance with the law to safeguard their lawful rights and interests. Foreign-invested enterprises shall provide the necessary conditions for the activities of the labor union of the enterprise.

Chapter II: Promotion of Investment

Article 9

Foreign-invested enterprises shall equally enjoy, in accordance with the law, all policies of the State that support enterprise development.

Article 10

When formulating laws, regulations, and rules relating to foreign investment, appropriate measures shall be taken to solicit opinions and suggestions from foreign-invested enterprises. Normative documents, judicial interpretations, and other materials relating to foreign investment shall be published in a timely manner in accordance with the law.

Article 11

The State shall establish and improve a foreign investment service system to provide foreign investors and foreign-invested enterprises with consultation and services concerning laws and regulations, policies and measures, investment project information, and other relevant matters.

Article 12



The State shall establish multilateral and bilateral mechanisms for investment promotion and cooperation with other countries, regions, and international organizations, and shall strengthen international exchanges and cooperation in the field of investment.

Article 13

The state may establish special economic zones or implement experimental policies and measures in certain regions to promote foreign investment and expand opening-up to the outside world, as required.

Article 14

The state encourages and guides foreign investors to invest in specific industries, sectors, or regions in accordance with the needs of national economic and social development. Foreign investors and foreign-invested enterprises may enjoy preferential treatment in accordance with the law, administrative regulations, or the provisions of the State Council.

Article 15

The state guarantees that foreign-invested enterprises participate equally in the formulation of standards in accordance with the law, and strengthens the transparency of standard-setting and social supervision. Nationally mandated standards shall apply equally to foreign-invested enterprises.

Article 16

The state ensures that foreign-invested enterprises may participate in government procurement activities through fair competition in accordance with the law. In government procurement, foreign-invested enterprises shall be treated equally with respect to products manufactured and services provided within China.

Article 17

Foreign-invested enterprises may, in accordance with the law, raise funds through public issuance of stocks, corporate bonds, and other securities, or by other means.



Article 18

People's governments at or above the county level may, in accordance with laws, administrative regulations, and local regulations, formulate policies and measures to promote and facilitate foreign investment within their legal authority.

Article 19

Governments at all levels and their relevant departments shall, following the principles of convenience, efficiency, and transparency, simplify procedures, improve service efficiency, optimize administrative services, and further enhance the level of services for foreign investment. Relevant authorities shall compile and publish guidelines for foreign investment to provide services and facilitate foreign investors and foreign-invested enterprises.

Chapter III: Protection of Investment

Article 20

The state does not impose expropriation on the investments of foreign investors. In exceptional circumstances, for the purposes of public interest, the state may, in accordance with legal provisions, expropriate or requisition the investments of foreign investors. Expropriation or requisition shall be carried out in accordance with legal procedures and prompt, fair, and reasonable compensation shall be provided.

Article 21

Foreign investors may, in accordance with the law, freely remit into or out of China their capital contributions, profits, capital gains, proceeds from asset disposals, licensing fees for intellectual property, compensation or indemnities obtained in accordance with the law, and liquidation proceeds, either in Renminbi or foreign exchange.

Article 22

The state protects the intellectual property rights of foreign investors and foreign-invested enterprises, safeguarding the legitimate rights and interests of intellectual property holders and relevant rights holders. Strict legal accountability shall be pursued for intellectual property infringements.

The state encourages voluntary and commercially-based technology cooperation during the foreign investment process. The terms of technology cooperation shall be determined through



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fair negotiation based on the principle of equality by the parties involved in the investment. Administrative bodies and their staff shall not use administrative means to force the transfer of technology.

Article 23

Administrative bodies and their staff must keep confidential any commercial secrets of foreign investors and foreign-invested enterprises that they become aware of in the course of performing their duties, and shall not disclose or illegally provide such information to others.

Article 24

Governments at all levels and their relevant departments shall ensure that normative documents related to foreign investment comply with legal and regulatory provisions. In the absence of legal or administrative regulatory basis, they shall not diminish the legitimate rights and interests of foreign-invested enterprises, nor impose additional obligations, market access or exit conditions, or interfere with the normal production and operation activities of foreign-invested enterprises.

Article 25

Local governments at all levels and their relevant departments shall fulfill policy commitments made to foreign investors and foreign-invested enterprises in accordance with the law, as well as the various contracts legally concluded. If, due to national interests or social public interests, there is a need to change policy commitments or contractual agreements, such changes shall be made in accordance with the legal authority and procedures, and foreign investors and foreign-invested enterprises shall be compensated for any losses incurred as a result.

Article 26

The state shall establish a complaint mechanism for foreign-invested enterprises to address issues raised by foreign-invested enterprises or their investors in a timely manner, and coordinate the improvement of relevant policies and measures.

If foreign-invested enterprises or their investors believe that the administrative actions of administrative bodies or their staff infringe upon their legitimate rights and interests, they may apply for coordination through the foreign-invested enterprise complaint mechanism to resolve the issue.



In addition to applying for coordination through the foreign-invested enterprise complaint mechanism as provided in the preceding paragraph, foreign-invested enterprises or their investors may also apply for administrative reconsideration or initiate administrative litigation in accordance with the law.

Article 27

Foreign-invested enterprises may, in accordance with the law, establish and voluntarily join chambers of commerce and associations. Chambers of commerce and associations shall carry out their activities in accordance with legal regulations and their charters, and protect the legitimate rights and interests of their members.

Chapter IV: Investment Administration

Article 28

Foreign investors shall not invest in the fields where investment is prohibited by the *Negative List for Foreign Investment Access*.

For fields where investment is restricted by the *Negative List for Foreign Investment Access*, foreign investors shall comply with the conditions stipulated in the Negative List when making investments.

For fields outside the *Negative List for Foreign Investment Access*, administration shall be implemented in accordance with the principle of equal treatment for domestic and foreign investment.

Article 29

Where foreign investment is required to undergo project approval or filing, such matters shall be handled in accordance with the relevant national regulations.

Article 30

Where foreign investors engage in investment in industries or fields that require licenses according to law, they shall handle the relevant licensing procedures in accordance with the law.



The relevant competent authorities shall review foreign investors' license applications under conditions and procedures consistent with those applied to domestic investors, unless otherwise provided by laws or administrative regulations.

Article 31

The organizational form, organizational structure, and rules of conduct of foreign-invested enterprises shall be governed by the provisions of the *Company Law of the People's Republic of China*, the *Partnership Enterprise Law of the People's Republic of China*, and other relevant laws.

Article 32

Foreign-invested enterprises, when carrying out production and business activities, shall comply with the provisions of laws and administrative regulations on labor protection and social insurance, handle matters relating to taxation, accounting, foreign exchange, and other aspects in accordance with laws, administrative regulations, and relevant state provisions, and shall be subject to supervision and inspection conducted by the relevant competent authorities in accordance with the law.

Article 33

Where foreign investors merge with enterprises within China or participate in a concentration of undertakings by other means, they shall undergo the concentration review of undertakings in accordance with the provisions of the *Anti-Monopoly Law of the People's Republic of China*.

Article 34

The State shall establish a foreign investment information reporting system. Foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities through the enterprise registration system and the enterprise credit information publicity system.

The content and scope of foreign investment information reporting shall be determined in accordance with the principle of necessity; investment information that can be obtained through inter-departmental information sharing shall not be required to be resubmitted.

Article 35



The State shall establish a security review system for foreign investment and shall conduct security reviews of foreign investments that affect or may affect national security.

Security review decisions made in accordance with the law shall be final.

Chapter V: Legal Liability

Article 36

Where foreign investors invest in fields in which investment is prohibited under the *Negative List for Foreign Investment Access*, the relevant competent authorities shall order them to cease investment activities, dispose of shares or assets within a specified time limit, or take other necessary measures to restore the situation to the state prior to the investment; any illegal gains shall be confiscated.

Where the investment activities of foreign investors violate the restrictive special administrative measures for access stipulated in the *Negative List for Foreign Investment Access*, the relevant competent authorities shall order rectification within a specified time limit and require necessary measures to meet the special administrative measures for access; failure to rectify within the prescribed time shall be handled in accordance with the preceding paragraph.

Where the investment activities of foreign investors violate the provisions of the *Negative List for Foreign Investment Access*, in addition to being handled in accordance with the preceding two paragraphs, they shall also bear corresponding legal liability in accordance with the law.

Article 37

Where foreign investors or foreign-invested enterprises violate the provisions of this Law by failing to submit investment information in accordance with the requirements of the foreign investment information reporting system, the commerce authorities shall order them to make corrections within a specified time limit; those who fail to make corrections within the prescribed time shall be fined not less than 100,000 yuan but not more than 500,000 yuan.

Article 38

Where foreign investors or foreign-invested enterprises violate laws or regulations, the relevant authorities shall investigate and deal with such violations in accordance with the law, and shall include the relevant information in the credit information system in accordance with state provisions.



Article 39

State employees engaged in the promotion, protection, and administration of foreign investment who abuse their power, neglect their duties, engage in favoritism or malpractice, or disclose or unlawfully provide to others any trade secrets learned in the course of performing their duties shall be subject to disciplinary action in accordance with the law; where their conduct constitutes a crime, they shall be held criminally liable in accordance with the law.

Chapter VI: Supplementary Provisions

Article 40

If any country or region adopts discriminatory prohibitions, restrictions, or other similar measures against the People's Republic of China in the area of investment, the People's Republic of China may, based on actual circumstances, take corresponding measures against that country or region.

Article 41

Where the State has separate provisions for the administration of foreign investors investing in the banking, securities, insurance, or other financial industries within China, or for foreign investors participating in financial markets such as the securities or foreign exchange markets, such provisions shall apply.

Article 42

This Law shall enter into force on January 1, 2020. The *Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures*, the *Law of the People's Republic of China on Wholly Foreign-Owned Enterprises*, and the *Law of the People's Republic of China on Chinese-Foreign Contractual Joint Ventures* shall be repealed simultaneously.

Foreign-invested enterprises established in accordance with the *Law on Chinese-Foreign Equity Joint Ventures*, the *Law on Wholly Foreign-Owned Enterprises*, or the *Law on Chinese-Foreign Contractual Joint Ventures* prior to the implementation of this Law may retain their original organizational forms and other structures for five years after this Law comes into force. The specific implementation measures shall be prescribed by the State Council.