

**The General Office of the State Council -
Ministry of Commerce, National Development and Reform
Commission, Ministry of Foreign Affairs, People's Bank of
China**

**Guidelines on Further Guiding and Regulating Overseas
Investments**

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People's Governments of all provinces, autonomous regions and municipalities, Ministries, Commissions, and Departments directly under the State Council:

The State Council has approved the "Guidelines on Further Guiding and Regulating Overseas Investments" by the National Development and Reform Commission (NDRC), the Ministry of Commerce (MOFCOM), the People's Bank of China (PBOC), and the Ministry of Foreign Affairs (MOFA), and is hereby forwarded for your careful implementation.

General Office of the State Council
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(Public release)

**Guidelines
On Further Guiding and Regulating Overseas Investments**
NDRC, MOFCOM, PBOC, MOFA

In recent years, Chinese companies have been significantly accelerating their pace in overseas investments with significantly improved scale and efficiency, driving products, technologies and services to "go global", facilitating domestic economic transformation and upgrading, deepening mutually beneficial cooperation with other countries, and playing an important role in establishing and developing international capacity cooperation. Given the profound changes underway in international and domestic environment, Chinese enterprises are facing wonderful opportunities but also numerous risks and challenges in overseas investments. In order to strengthen the macro guidance of overseas investment, to further guide and regulate overseas investment, to facilitate the continuous, orderly and healthy development of overseas investment, to effectively guard against all types of risks, and to better meet the needs of national

economic and social development, the following guidelines are issued thereafter:

I. Guiding principle

The guiding principle is to comprehensive implement the takeaways from the 18th National Congress of the CPC and the Third, Fourth, Fifth, and Sixth Plenary Sessions of the Party, the series of important speeches and new concept, thinking, and strategy of governance formulated by Xi Jinping, the General Secretary of the Communist Party of China, and decisions and arrangements by the Party Central Committee and the State Council, the "Five-in-One" and "Four Comprehensives" overall strategic planning, with emphasis on people-oriented development, the overall theme of steady progress, the concept of innovative, harmonious, green, open and shared development, the strategy of opening-up for mutual benefit and win-win, continuous efforts to build a more comprehensive, in-depth, and diverse environment for opening-up, and the supply-side structural reform as the underlying theme, "Belt and Road" development as guidance, to deepen the reform of mechanism of overseas investment by Chinese enterprises, to further guide and regulate the overseas investment, to facilitate the orderly and rational development of overseas investment, to prevent and address overseas investment risks, to promote sustained and healthy development of overseas investment, and to achieve win-win and shared development with investment destination countries.

II. Basic principles

--- Emphasis on Enterprises as the lead. In the areas of overseas investment, give full play and the decision-making power to the market in terms of resources allocation, improve the role that governments play, enable overseas investment that is led by the enterprises and oriented by the market in accordance with business principles and international practice; Enterprises shall independently make decisions and assume sole responsibility for its profits or losses and at their own risk under the guidance of the government.

--- Emphasis on deepening reforms. Innovate the systems and mechanisms, improve the level of overseas investment facilitation, further deepen the streamlining and delegation of power, balance delegation and management and optimize service reform, adhere to the filing-based management mechanism of overseas

investment and the managed market-oriented operation mechanism under the capital account, guiding and regulating the direction of overseas investment by Chinese enterprises according to a "Development Encouraged + Negative List" model.

--- Emphasis on mutual benefit and win-win. Guide enterprises to fully consider the specific conditions and the actual needs of the recipient countries, prioritize mutually beneficial cooperation with local governments and enterprises to bring sound economic and social benefits, and promote mutual benefit and win-win cooperation.

--- Emphasis on risk prevention. Adhere to the overall tone of pursuing steady progress, align with the overall economic and diplomatic strategy of country, adhere to laws and regulations, balance overseas investment cadence and focus, proactively monitor before, during, and after the overseas investment, and effectively guard against all risks.

III. Overseas investments to be encouraged

Support competent and well-positioned Chinese enterprises to actively and steadily carry out overseas investment activities, promote the "Belt and Road" construction, deepen international capacity cooperation, drive export of advantaged capacity, high-quality equipment, and applicable technologies, enhance China's technology research and development and manufacturing capabilities, eliminate China's shortage in energy resources, and promote the upgrade and quality improvement of related industries in China.

(1) Focus on promoting overseas infrastructure investment that facilitates the "Belt and Road" construction and the interconnectivity of peripheral infrastructure.

(2) Steadily carry out overseas investment to promote export of advantaged capacity, high-quality equipment and technical standards.

(3) Strengthen investment cooperation with foreign high-tech and advanced manufacturing enterprises, and encourage the establishment of R&D centers abroad.

(4) On the basis of prudent assessment of economic benefits, steadily participate in the exploration and development of overseas oil and gas, minerals and other energy resources.

(5) Expand cooperation on agriculture with other countries, and carry out mutually beneficial and win-win investment cooperation on agriculture, forestry, animal husbandry, fishery and other areas.

(6) Facilitate overseas investment in business and trade, culture, logistics and other areas of services in an orderly manner, and support qualified financial institutions to establish branches and service networks abroad and to conduct business according to the laws and regulations.

IV. Overseas investment to be limited

Limit domestic enterprises from engaging in overseas investments that are not in line with the country's foreign policy of peace and development, strategy of mutual benefit and win-win, or the macro-control policies, including:

(1) Overseas investment in sensitive countries and regions that China has not established diplomatic ties with, are in war, or are restricted by bilateral or multilateral treaties or agreements of which China is a signatory.

(2) Overseas investment in real estate, hotels, film studios, entertainment, sports clubs and others.

(3) Overseas establishment of equity investment fund or investment platform without actual, specific industrial projects.

(4) Overseas investment using outdated production equipment that does not meet the technical requirements of the investment recipient country.

(5) Overseas investment that does not meet the environmental protection, energy consumption and safety standards of the recipient country.

Among them, investments of the first three categories are subject to the approval of overseas investment authorities.

V. Overseas investment to be prohibited

Prohibit domestic enterprises from participating in overseas investment that endanger or may endanger national interests or national security, including:

(1) Overseas investment involving export of core technology or product of the military industry without the approval of the Country.

(B) Overseas investment involving the use of technology, techniques or products that are banned from export by the Country.

(3) Overseas investment in industries such as gambling and sexual services.

(4) Overseas investment that is banned by international treaties concluded with or signed by China.

(5) Other overseas investments that endanger or may endanger national interests and national security.

VI. Safeguard measures

(1) Implement category-based guidance. For overseas investments that are to be encouraged, further improve the level of services in terms of taxation, foreign exchange, insurance, customs, information and other aspects to create more favorable conditions for the convenience of the domestic enterprises. For overseas investments that are to be limited, guide companies to invest in a prudent manner, and give the necessary guidance and reminders based on the specific situation. For overseas investments that are to be prohibited, take effective measures to ensure rigorous management and control.

(2) Optimize the mechanism of management. Strengthen the review on the authenticity and compliance of overseas investment to prevent false investment behaviors. Establish an overseas investment blacklist and jointly prevent and penalize non-compliant investment behaviors. Establish an information-sharing system across sectors. Guide domestic enterprises to strengthen supervision and control of overseas enterprises under their management, establish and improve the overseas investment decision-making, financial management and non-compliance accountability and consequence system. Establish the state-owned enterprises overseas investment capital system. Improve the overseas investment auditing system of state-owned enterprises and safeguard overseas state-owned assets.

(3) Improve level of services. Develop and improve overseas investment management practices, guide enterprises to establish and improve the overseas business compliance risk review, control and decision-making system, to establish in-depth understanding of overseas investment cooperation policies, regulations and international practices, and to comply with local laws and regulations in their business. Strengthen institutionalized cooperation with related countries in investment protection, finance, personnel exchanges and other aspects, and create a favorable external environment for companies to carry out overseas investment. Support the development of related intermediary organizations, such as domestic assets assessment, legal services, accounting services, tax services, investment consulting, design consulting, risk assessment, certification and arbitration, provide companies with market-oriented, society-based and international business consulting services in their overseas

investment, and reduce the risks they face in overseas investment and operations.

(4) Strengthen security safeguard. Regularly publish the "Report on Investment and Operation Convenience Level by Country" to strengthen guidance and supervision for enterprises involved in investment in high-risk countries and regions, timely flag and report major political, economic and social risks of the relevant countries, propose response plans and preventive measures to safeguard the legal rights and interests of our enterprises abroad. Urge enterprises to carry out safety risk assessment on overseas projects, ensure safety risk forecast and response readiness, establish and optimize the security system, strengthen security training, and enhance the safety risk prevention capabilities of enterprises in their investments abroad.

All localities and departments shall, in accordance with the requirements of the Guidelines, balance the direction and priority of overseas investments, earnestly strengthen the organization, guidance, and coordination of implementation, fulfill due responsibilities, formulate supporting policies and measures as soon as possible, and firmly drive progress in the relevant efforts to ensure impact and effectiveness.