

Catalogue of Restricted Foreign Investment Industries

Farming, Forestry, Animal Husbandry and Fishery Industries

1. Development and production of grain (including potatoes), cotton and oil-seed (Chinese partner shall hold the majority of shares).
2. Processing of the logs of precious varieties of trees (equity joint ventures or contractual joint ventures only)

Mining and Quarrying Industries

1. Exploring and mining of minerals such as wolfram, tin, antimony, molybdenum, barite, fluorite (equity joint ventures or contractual joint ventures only)
2. Exploring and mining of precious metals (gold, silver, platinum families)
3. Exploring and mining of precious non-metals such as diamond
4. Exploring and mining of special and rare kinds of coal (Chinese partner shall hold the majority of shares)
5. Mining of sphaerulite and sphaerulite iron ores
6. Mining of Celestine

Manufacturing Industries

1. Food Processing Industry

- Production of millet wine and spirits of famous brands
- Production of soda beverage of foreign brand
- Production of synthetic sweet agent such as saccharin
- Processing of fat or oil

2. Tobacco Processing Industry

Production of cigarettes and filter tips

3. Textile Industry

- Wool spinning, cotton spinning
- Silk reeling

4. Printing and Record Medium Reproduction Industry

Printing of publications (Chinese partner shall hold the majority of shares except printing of package decoration)

5. Petroleum Processing and Coking Industries

Construction and management of refineries

6. Chemical Raw Material and Products Manufacturing Industry

- Production of ionic membrane caustic soda
- Production of sensitive materials
- Production of Bazedrine
- Production of chemical products from which narcotics are easily made (ephedrine, 3, 4-idene dihydro phenyl-2-acetone, phenylacetic acid, 1-phenyl-2-acetone, heliotropin, safrole, isosafrole, acetic oxide)
- Production of sulphuric acid basic titanium white
- Processing of baron, magnesium, iron ores
- Barium salt production

7. Medical and Pharmaceutical Products Industry

- Production of chloramphenicol, penicillin G, lincomycin, gentamicin, dihydrostreptomycin, amikacin, tetracycline hydrochloride, oxytetracycline, medemycin, kitasamycin, ilotylin, ciprofloxacin and ofloxacin
- Production of analgin, paracetamol, Vitamin B1, Vitamin B2, Vitamin C, Vitamin E
- Production of immunity vaccines, bacterins, antitoxins and anatoxin (BCG vaccine, poliomyelitis, DPT vaccine, measles vaccine, Type-B encephalitis, and epidemic cerebrospinal meningitis vaccine) which included in the State's Plan
- Production of material medicines for addiction narcotic and psychoactive drug (Chinese partner shall hold the majority of shares)
- Production of blood products
- Production of non-self-destructible expendable injectors, transfusion systems, blood transfusion systems, blood bags

8. Chemical Fibre Production Industry

- Production of chemical fibre drawn work of conventional chipper
- Production of viscose staple fibre with an annual single thread output capacity of less than 20,000 tons
- Production of polyester and spandex used for fibre and non-fibre with a daily production capacity of less than 400 tons

9. Rubber Products

Cross-ply and old tires recondition (not including radial tire), and production of industrial rubber fittings of low- performance

10. Non-Ferrous Metal Smelting and Rolling Processing Industry

Smelting and separation of rare earth metal (equity joint ventures or contractual joint ventures only)

11. Ordinary Machinery Manufacturing Industry

- Manufacture of containers
- Manufacture of small and medium type ordinary bearings
- Manufacture of truck cranes of less than 50 tons (equity joint ventures or contractual joint ventures only)

12. Special Purpose Equipment Manufacturing Industry

- Production of low or middle class type-B ultrasonic displays
- Manufacture of equipment for producing long dacron thread and short Rbre
- Manufacture of crawler dozers of less than 320 horsepower, wheeled mechanical loaders of less than 3 cubic meter (equity joint ventures or contractual joint ventures only)

13. Electronic and Telecommunication Equipment Manufacturing Industry

Production of satellite television receivers and key parts

Production and Supply of Power, Gas and Water

Construction and operation of conventional coal-fired power plants whose unit installed capacity is less than 300,000kW (with the exception of small power grid)

Communication and Transportation, Storage, Post and Telecommunication Services

1. Road passenger transportation companies
2. Cross-border automobile transportation companies
3. Water transportation companies
4. Railway freight transportation companies
5. Railway passenger transportation companies (Chinese partner shall hold the majority of shares)
6. General aviation companies engaging in photographing, prospecting and industry (Chinese partner shall hold the majority of shares)
7. Telecommunication companies

Wholesale and Retail Trade Industries

1. Commercial companies of commodity trading, direct selling mail order selling, Internet selling, franchising, commissioned operation, sales agent, commercial management companies, and wholesale, retail and cotton, vegetable oil, sugar, medicines, tobaccos, automobiles, crude oil, capital goods for agricultural production
2. Wholesale or retail business of books, newspaper and periodicals
3. Distributing and selling of audiovisual products (excluding movies)
4. Commodity auctions
5. Goods leasing companies
6. Agencies (ship, freight forwarding, tally for foreign vessels, advertising)
7. Wholesaling product oil, and construction and operation of gasoline stations
8. Foreign trade companies

Banking and Insurance Industries

1. Banks, finance companies, trust investment companies
2. Insurance companies
3. Security companies, security investment fund management companies
4. Financial leasing companies
5. Foreign exchange brokerage
6. Insurance brokerage companies

Real Estate Industry

1. Development of pieces of land (equity joint ventures or contractual joint ventures only)
2. Construction and operation of high-ranking hotels, villas, high-class office buildings and international exhibition centres

Social Service Industry

- Public Facility Service Industries
Construction and operation of networks of gas, heat, water supply and water drainage in large and medium sized cities (Chinese partner shall hold the majority of shares)
- Information, Consultation Service Industries
Legal consulting

Public Health, Sports and Social Welfare Industries

Medical treatment establishments (equity joint ventures or contractual joint ventures only)

2. Construction and operation of golf courts

Education, Culture and Arts, Broadcasting, Film and TV Industries

1. Education establishments for senior high school students (equity joint ventures or contractual joint ventures only)

2. Construction and operation of cinemas (Chinese partner shall hold the majority of shares)

Scientific Research and Poly-technical Services Industries

1. Mapping companies (Chinese partner shall hold the majority of shares)

2. Inspection, verification and attestation companies for imported and exported goods

Other industries restricted by the State or international treaties that China has concluded or taken part in

Notes for Catalogue of Restricted Industries:

1. Cross-border automobile transportation companies: Foreign majority ownership will be permitted no later than Dec. 11, 2002. Wholly foreign owned enterprises will be permitted no later than Dec. 11, 2004.
2. Water transportation companies: The proportion of foreign investment shall not exceed 49%.
3. Rail freight transportation companies: The proportion of foreign investment shall not exceed 49%. Foreign majority ownership will be permitted no later than Dec.11, 2004. Wholly foreign owned enterprises will be permitted no later than Dec.11, 2007.
4. Telecommunication Companies
 - Value-added services and paging services in basic telecommunication services: Foreign no later than Dec. 11, 2001 with the proportion of foreign investment not exceeding 30%. The proportion of foreign investment in joint venture shall not exceed 49% no later than Dec.11, 2002. and shall be allowed to reach 50%, no later than Dec.11, 2003.
 - Mobile voice and data services in basic telecommunication services: Foreign investments are permitted no later than Dec. 11, 2001 with the proportion of foreign investment not exceeding 25%. The proportion of foreign investment in joint venture shall not exceed 35% no later than Dec.11, 2002, and shall be allowed to reach 49% no later than Dec. 11, 2004.
 - Domestic and international services in basic telecommunication services: Foreign investments will be permitted no later than Dec.11, 2004 with the proportion of foreign investment not exceeding 25%. The proportion of foreign investment in joint venture shall not exceed 35% no later than Dec.11, 2006 and shall be allowed to reach 49% no later than Dec.11, 2007.
5. Commodities trade, direct selling, mail-order selling. Internet selling, sales agent, franchising, commercial management; whole sale, retail and logistic distribution of grain, cotton, vegetable oil, sugar, pharmaceutical products, tobacco, automobile, crude oil, capital goods for agricultural production; whole sale and retail of books, newspapers, periodicals; whole sale of product oil, construction and operation of gasoline station
 - Commission agents' services and wholesale trade services (excluding salt, tobacco): Foreign invested enterprises are permitted no later than Dec.11, 2002 with foreign investment not exceeding 50%, but can not engage in the distribution of books, newspapers, magazines, pharmaceutical products, pesticides, mulching films, chemical fertilizers, processed oil and crude oil. Foreign majority ownership will be permitted no later than Dec.11, 2003. And wholly foreign-owned enterprises will be permitted no later than Dec. 11, 2004, and can engage in the distribution of books, newspapers, magazines, pharmaceutical products,

- pesticides, mulching films. The distribution of chemical fertilizers, processed oil and crude oil are permitted no later than Dec.11, 2006.
- Retailing services (excluding tobacco): Foreign invested enterprises are permitted but can not engage in the distribution of books, newspapers, magazines, pharmaceutical products, pesticides, mulching films, chemical fertilizers, processed oil. The proportion of foreign investment can reach 50% no later than Dec. 11, 2002, and can engage in the distribution of books, newspapers and magazines. Foreign majority ownership will be permitted no later than Dec. 11, 2003. And wholly foreign-owned enterprises will be permitted no later than Dec. 11, 2004, and can engage in the distribution of pharmaceutical products, pesticides, mulching films, and processed oil. The distribution of chemical fertilizers are permitted no later than Dec.11, 2006. Foreign investors can not take majority ownership of a Chain-store that has over 30 branch stores and engages in the distribution of automobiles (the limitation will be lift no later than Dec.11, 2006), books, newspapers, magazines, pharmaceutical products, pesticides, mulching films, processed oil, chemical fertilizers, grain, vegetable oil, sugar, tobacco, cotton.
 - Franchising and wholesale or retail trade services away from a fixed location: Foreign invested enterprises are permitted no later than Dec.11, 2004.
6. The distribution of audiovisual products (excluding movies): Foreign investments shall be permitted no later than Dec.11, 2004.
 7. Goods leasing companies: Foreign majority ownership shall be permitted no later than Dec.11, 2002. Wholly foreign owned enterprises shall be permitted no later than Dec.11, 2004
 8. Agencies
 - Ship agencies: The proportion of foreign investment shall not exceed 49%.
 - Freight forwarding agencies (excluding those services specially reserved for Chinese postal authorities): The proportion of foreign investment shall not exceed 50% (not exceed 49% in the case of courier services). Foreign majority ownership shall be permitted enterprises shall be permitted no later than Dec.11, 2005.
 - Cargo handling for foreign vessels: In forms of equity joint ventures or contractual joint ventures only
 - Advertising agencies: The proportion of foreign investment shall not exceed 49%. Foreign majority ownership shall be permitted no later than Dec. 11, 2003. Wholly foreign owned enterprises shall be permitted no later than Dec. 11, 2005.
 9. Insurance
 - Non-life insurance companies: The proportion of foreign investments shall not exceed 51%. Wholly foreign owned enterprises shall be permitted

- Life insurance companies: The proportion of foreign investments shall not exceed 50%.

10. Securities company, securities investment fund management companies

Securities companies: Foreign investments shall be permitted no later than Dec. 11, 2004 with the proportion of foreign investment not exceeding 1/3. Securities investment fund management companies: The proportion of foreign investment shall not exceed 33%. The proportion of foreign investment shall be allowed to reach 49% no later than Dec.11, 2004.

11. Insurance brokage companies: The proportion of foreign investment shall not exceed 50%. The proportion shall be allowed to reach 51% no later than Dec. 11, 2004. Wholly foreign owned enterprises shall be permitted no later than Dec.11, 2006.

12. Companies of inspection, verification, attestation for imported and exported goods: Foreign majority ownership shall be permitted no later than Dec. 11, 2003. Wholly foreign owned enterprises shall be permitted no later than Dec. 11, 2005.

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