

# Examination and Approval

## Approval Authorities

The procedure is applied to foreign invested enterprises. The total amount of investment and the production division as described in Catalogue for the Guidance of Foreign Investment Industries are the two major factors dividing central government and local government authorities over the registration approval.

1. State Development Planning Commission, The State Economic and Trade Commission. Ministry of Foreign Trade and Economic Cooperation are responsible for review and approval of projects with a foreign capital of US\$ 30 million or above in industry and other projects which require an approval from the authorities under State Council.
2. Government offices of Province, Autonomous Region, Municipalities and Special-planned cities are responsible for:
  - Projects with a total foreign capital of less than US\$ 30million in non-restricted categories of industrial catalogue;
  - Projects with a total foreign capital of less than US\$ 30million but within restricted categories of industrial catalogue which have to be filed to the State Council Offices or upper level offices Projects involving quota issuing and licenses have to undergo application from offices of Ministry of Foreign Trade and Economic Cooperation for such privileges;
  - Projects with a total foreign capital of US\$ 30 million or above in the State promoted categories without future side effects, which have to be filed in the State Council Offices.

## Business Establishment Procedures

1. Application Procedures for Establishing Joint Ventures with Chinese-Foreign Equity or as Contractual Partners

- **The Approval of the Project Proposal**

Based on the knowledge of the partners' business area and financial status, Chinese or foreign investors are entitled to forming the joint venture at their will. Chinese investors are supposed to produce a business proposal to be submitted to the examination and approval authorities (Planning Commission or Technology Improvement and Management Office). Once approved. Chinese investors ought to have the joint venture registered to protect the company name and brand name.

- **Approval of the Feasibility Study**

Right after the approval of the project proposal, the two parties are supposed to work on a feasibility study involving markets, capital, planned site, craftsmanship, technology, facilities, environment protection, raw material sale, Return, foreign currency and the infrastructure to be submitted to the examination and approval authorities (Planning Commission or Technology Improvement and Management Office). At the same time, two parties can discuss and sign the contract and other legal documents like the company chapter.

- **Approval of the Contract and Articles of Association and Issue of Certification for the Joint Venture**

Right after the approval of the feasibility study, the mutually signed contract and chapter can be submitted to the examination and approval authorities (Office of Foreign Trade and Economic Cooperation). The authority shall within 90 days from the date of receiving the feasibility study, contract and chapter decide whether or not to grant approval; within 45 days from the date of receiving the application for establishing the joint venture. Once the approval is granted, the office of Foreign Trade and Economic Cooperation issues the certificate of approval for foreign-invested enterprise.

- **Application for Business License**

Within 30 days from the date of receiving the certification of approval for the establishment of a joint venture, the parties shall apply to the industry and commercial administrative office, registration in order to obtain a business license. The date of issue of the business license of the joint venture shall be the date of its establishment.

Source from *China Investment*