

China Further Expands the Encouraged Catalogue to Boost Foreign Investment



March 2023

On October 28, 2022, the National Development and Reform Commission (“NDRC”) and the Ministry of Commerce (“MOFCOM”) released the Catalogue of Encouraged Industries for Foreign Investment (2022 Version) (hereafter the “2022 Catalogue”), which came into force on January 1, 2023, and replaced its 2020 version.

Similar to the previous version, the 2022 Catalogue includes two sub-catalogues – one covers the entire country (“national catalogue”), the other covers the central, western, and northeastern regions (“regional catalogue”).

Altogether, the 2022 Catalogue has added 239 items and modified 167 items. In the national catalogue, 39 new items have been added and 85 items modified, while 200 new items have been added and 82 items modified in the regional catalogue. The range of amendments and liberalizations is wide and spans from manufacturing & service industry, healthcare, elder care, sports, rural revitalization as well as vocational training to decarbonization and green industry.

For the purpose of this letter, an overview of the entire Catalogue would, of course, be too long. We prepared, however, a summary of the relevant highlights which we would be glad to share with you in case of interest.

1. Some industries worth mentioning

Emphasis should, at this point, only be given to the fact that the 2022 Catalogue encourages, amongst other industries, investment in:

- research, development and production of snow & ice heavy equipment and light equipment for ski resorts, passenger ropeways, snow machines, snow presses, and other special equipment,
- rural tourism, leisure sightseeing, agricultural experience, outdoor expansion, ecological health and practice base construction,
- efficient water-saving irrigation, farmland soil improvement and ecological management,
- rural environmental remediation, rural sewage and garbage treatment, water ecological environment treatment and restoration related engineering construction,
- research, development and manufacturing of smart healthcare products for the elderly as well as
- the construction and operation of clean coal power generation projects.

2. Preferential treatment

It is further worth noting that foreign invested enterprises doing business in one of the listed industries may be eligible to a variety of favorable treatment, such as:

- tariff exemptions on imported equipment,
- access to preferential land prices and looser regulation of land use, as well as
- lowered corporate income tax rates.

3. Conclusion

Altogether, the Catalogue shows the will of the Chinese government to revitalize its economy after the dire restrictions brought about by Covid by liberalizing certain, sustainability-wise crucial sectors which may be of high interest to foreign investors.

Please do not hesitate to reach out to us in case you are interested to learn more about the purported liberalizations as well as the available preferential treatment.

We would be glad to assist you.

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