



CHINA LEGAL BRIEFING 26

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1. National

State Council Paper on Marine Economy

Recently, State Council approved the commencement of implementation of National Blueprint on Marine Economic Development, which is the first document for this purpose. The span regulated by this Blueprint is extended to 2010, under which such areas as internal waters, territorial sea, contiguous zone, exclusive economic zone, continental shelf, the high sea and international seabed area are dealt with. The industries provided for in the Blueprint include ocean fisheries, ocean communications and transportation, ocean oil and gases, seaside tourism, ocean shipping, marine bio-medicine, sea water utilization and salt production.

www.chinalawinfo.com

CBRC New Rule on Market Access

On 29 May 2003, China Banking Regulatory Commission promulgated Decision on Adjusting Methods and Procedure of Administration of Market Access to Banking Business, which will take effect as of July 1 this year. This Decision applies to domestic and foreign commercial banks, excluding urban and country credit cooperatives and post saving business from its scope of application. According to this Decision, approval requirements will come to an end for such businesses conducted by Chinese commercial banks as domestic factoring, sale of insurance as agent, settlement of securities funds as agent, custodian of investment by

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securities companies as principal, custodian of trusted assets, custodian of corporate annuities. Furthermore, the businesses of purchase of commercial instruments, overdraft of corporate accounts conducted by foreign and domestic commercial banks are no longer subject to record requirements. At the same time, way of verification of senior management of commercial banks is to be modified. (www.cbrc.gov.cn)

SAFE Circular on Forex Card Business

On 26 May 2003, State Administration of Foreign Exchanges promulgated Circular on Issues Regarding Banking Cards in Foreign Exchanges, which was adopted by the Administration on 12 May and will take effect as of 1 July. Under this Circular, banking cards are divided into overseas cards and domestic cards with emphasis placed on the latter. The basic principles underlying the Circular are convertibility under current accounts, banning of circulation of and pricing in foreign exchanges in China. As a result, holders of overseas cards may not draw foreign exchanges at domestic banks or domestic ATMs, and domestic banks and businesses contracted to accept overseas cards may not make settlement in foreign exchanges. For domestic cards, they are grouped as individual cards and entity cards, as well as credit cards and deposit cards, each subject to different set of rules. To streamline supervision, this Circular provides for declaration of large sum transactions conducted by holders of domestic cards. (www.safe.gov.cn)

CFA Code of Conduct

Recently, China Futures Association promulgated its Code of Conduct for Futures Dealers, which will come into effect as of July 1 this year. According to this Code, dealers must observe such principles as legally practicing, publicity, fairness and impartiality, honesty and integrity, prudence and diligence, confidentiality, and prevention of conflict of interests. Moreover, the Code lays down responsibilities towards investors and rules for competition. In the event of violations, the Association may impose such sanctions as admonition, open criticism, suspension and revocation of licenses and even lifetime ban. (www.cfachina.org)

CAAC Granted Fifth Freedom Rights

As of 22 May 2003, the Civil Aviation Administration of China began to grant Singapore Cargo Airlines permission to exercise "the fifth freedom rights" between Singapore and Chicago via Xiamen in Fujian Province and Nanjing in Jiangsu Province. This is the first time that the Chinese mainland has granted the fifth freedom rights to a foreign air carrier. The fifth freedom rights, specified in the International Aviation Convention 1949 (Chicago Convention), refers to the privileges that a government grants international carriers to pick up passengers and cargo on its territory en route to other destinations. There will be three flights respectively on Tuesday, Thursday and Saturday every week. (www.xinhuanet.com)

CSRC Approved QFII

On 26 May 2003, China Securities Regulatory Commission approved two applications for Qualified Foreign Institutional Investors. The two winners are UBS Warburg and Nomura Securities. Other applications are under review.

(www.csrc.gov.cn)

Wine Regulation Modified

Sale of wine products made from grape juice mixture instead of 100-percent grape juice will be banned in China from next June 30. According to a new regulation, only products made from 100-percent grape juice can be called "wine".

(www.isinolaw.com)

Cattle Imports Banned from Canada

On 22 May 2003, Ministry of Agriculture issued a circular, banning imports of cattle and bovine products from Canada to avoid the spread of "mad cow disease" to China. Cattle embryos, sperm, beef and related products from Canada are all banned from entering China. The circular requires tight inspections on cattle imported from Canada in recent several years and their descendants. Any unusual case should be reported to the Ministry of Agriculture immediately. Suspected cases should be sent to the ministry's diagnosis center of animal diseases. (www.agri.gov.cn)

CCB Launched Retail Forex Service

Recently, China Construction Bank was approved to open retail foreign exchange business, which put an end to the monopoly of this business by Bank of China. According to sources, Chinese residents will be able to purchase foreign exchange in certain outlets of the bank nationwide by the end of this June. (www.isinolaw.com)

2. Local

Shenzhen Erased Border Control

In this week, a series of reforms came into effect to erase controls on the borders that separate the Shenzhen and Zhuhai special economic zones (SEZs) from the rest of the country. The measures include simplified procedures for a pass to the SEZs and border permit exemption for senior citizens and children. (www.isinolaw.com)

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