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Implementation Measures for Several Rules on Encouraging Multinational Corporations to Establish Regional Headquarters in Beijing

关于鼓励跨国公司在京设立地区总部的若干规定实施办法

Issued By	Beijing Municipal Commission of Commerce and Beijing Development and Reform Commission
Subject	Foreign Investment
Promulgated on	June 24th, 2009
Effective from	Jan 1st, 2009
Source	http://www.bjmbc.gov.cn

On June 24th, 2009, the Beijing Municipal Commission of Commerce and Beijing Development and Reform Commission and several other Authorities of Beijing jointly released Implementation Measures for Several Rules on Encouraging Multinational Corporations to Establish Regional Headquarters in Beijing (herein after: “Implementation Measures”). The Implementation Measures were formulated to implement the “Several Rules on Encouraging Multinational Corporations to Establish Regional Headquarters in Beijing”, which again were issued on May 21st, 2009. The Implementation Measures took effect retroactive on Jan 1st, 2009.

The Implementation Measures further clarify the conditions for the identification of multinational corporations establishing headquarters in Beijing. Furthermore, they also stipulate that multinational corporations, which fulfill the identification conditions, may receive a maximum subsidy of RMB 10 million. Some other favorable measures are also prescribed in the Implementation Measures in order to encourage multinational corporations to establish regional headquarters in Beijing.

The Implementation Measures stipulate that, enterprises which fulfill any of the following conditions, may apply to be qualified as regional headquarters:

- Foreign investment companies established with the approval of the responsible authorities;
- Foreign invested management companies with the following characteristics:
- The gross asset of the parent company is no less than USD 400 million;
- The accumulative paid-up registered capital contributed by the parent company within China is no less than USD 10 million, and the parent company has invested in or is authorized to manage no less than 3 enterprises within China; or the parent company has invested in or is authorized to manage no less than 6 companies inside and outside China;

- The registered capital of the management company is no less than USD 2 million;
- The management company is the exclusive highest-level management office of the parent company within China ;
- These conditions can be relaxed for world-famous multinational companies.

The Implementation Measures stipulate that the highest subsidy for multinational corporations establishing or relocating regional headquarters in/to Beijing is RMB 10 million. Under the precondition that the regional headquarter leases an office for more than three years, subsidizing the lease payments for the offices by 30% in the first year, 20% in the second year, and 10% in the third year is allowed. At present, the subsidizing rent program has only been implemented in Chaoyang District. In case an enterprise builds itself or purchases an office, such expenses can be subsidized with RMB 1,000 per square meter. For regional headquarters with annual revenues of more than RMB 1 billion, the highest subsidy is RMB 10 million. For one main senior executive officer of the regional headquarter, the highest annual award is RMB 50 thousand on behalf of the government in condition that the corporation make great contributions to Beijing taxation and finance.

In addition, the Implementation Measures determine specific policies for personnel incentives, and stipulate facilitated measures for personnel mobility, such as entry and exit visas and residence permit. For example, an executive of a regional headquarter can receive a Beijing registered residence without any educational or age restrictions. Furthermore, senior management and technical personnel with foreign nationality in regional headquarters can receive a multiple-entry visa with validity of no more than 5 years and residence permits of foreigners with validity of 5 years.

The Implementation Measures are considered to give preferential treatment to multinational corporations, and also, the Implementation Measures are believed to attract foreign investment, especially distinguished multinational corporations, and to strengthen the influence of Beijing in China.

Circular of SAFE on Foreign Exchange-Related Issues Concerning Domestic Enterprises Providing Funds Overseas

关于境内企业境外放款外汇管理有关问题的通知

Issued By **the State Administration of Foreign Exchange**
Subject **Enterprises Providing Funds Overseas**
Promulgated on **June 9th, 2009**
Effective from **Aug 1st, 2009**
Source <http://www.safe.gov.cn>

On June 9th, 2009, the State Administration of Foreign Exchange (SAFE) released the Circular on Foreign Exchange-Related Issues Concerning Domestic Enterprises Providing Funds Overseas (hereafter: "Circular"), which is scheduled to become effective on August 1st, 2009.

The Circular extends the scope of entities that are entitled to provide funds overseas. Compared with the current rules that allow only qualified multinational corporations to provide funds overseas, the new rules extend the scope to include qualified enterprises of various types of ownership. The Circular also expands the scope of funds resources, allowing domestic enterprises to provide funds overseas with their own foreign currencies or by purchasing foreign currencies using RMB within a certain quota. In addition, the Circular simplifies the approval procedures for providing funds overseas.

The Circular states that the total money the parent can lend to its overseas subsidiary should not exceed 30 percent of the former's equity capital. Furthermore, overseas subsidiaries will not be permitted to borrow more than the total amount of their investment registered with the administration from their parent companies.

The Circular was formulated to support the overseas expansion of domestic corporations, which have had trouble raising funds abroad due to the financial crisis. The Circular will make it easier and more convenient for more Chinese companies to invest abroad. Meanwhile, it is clear that the government wants investments of Chinese companies abroad to be strategically.

25 Laws and Regulations Became Effective on July 1st, 2009

25 laws and regulations took effect on July 1st, 2009, 11 of which are at the national level and the others are at the local level.

The national laws and regulations include: the Administrative Provisions on Lotteries (彩票管理条例) and the Civil Airport Management Rules (民用机场管理条例), which were

both issued by the State Council; the General Measures concerning Permission and Administration of Dual-use Items and Technologies Exports (两用物项和技术出口通用许可管理办法), which was released by the Ministry of Commerce; the Administrative Measures for Online Medical and Health Care Information Services (互联网医疗保健信息服务管理办法), which was issued by the Ministry of Health; Measures for the Reporting and Settlement of Production Safety Accidents (生产安全事故信息报告和处置办法), which were issued by the State Supervision and Administration of Production Safety; two supporting rules for the Anti-Monopoly Law, namely, the Rules on the Procedures for the Industrial and Commercial Authorities Restricting Activities That Limit Free Competition by Abusing Authorities (工商行政管理机关制止滥用行政权力排除、限制竞争行为程序规定), and the Rules on the Procedures for the Industrial and Commercial Authorities Handling Cases Involving Monopoly Agreements and the Abuse of Dominant Positions (工商行政管理机关查处垄断协议、滥用市场支配地位案件程序规定), which were issued by the State Administration of Industry and Commerce; The Implementation Measures regarding Regulations on Custom Protection of Intellectual Property Rights of The People's Republic of China (关于《中华人民共和国知识产权海关保护条例》的实施办法), which was issued by the General Administration of the Customs, etc.

There are 14 local regulations which took effect on July 1st, 2009. These regulations involve in agriculture, environment protection, audit and development of enterprises and some other areas.

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