ShineWing AUSTRALIA

Advisors & Accountants

Take the lead

Alert
China's Draft Foreign Investment Law

China's Draft Foreign Investment Law is now available for public review and comments. In essence, it makes China an even more attractive proposition for business.

Impact of the proposed changes

The Government's draft contains three significant points that will have an impact on multinational corporations operating within and investing into the People's Republic of China:

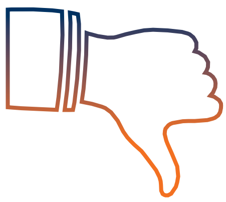
Technology

Mandatory technology transfers from foreign companies would be banned, and Government officials are to be prohibited from intervening in the day to day operations of foreign owned entities.

Investment

Under the new law foreign entities can raise funds by issuing stock, scrip or bonds. Notably there shall be no capital impediments to repatriating income.

Foreign investors shall be afforded equal market access and rights with the exception of sectors specified in the Government's negative list.



Discrimination against investment

The Peoples Republic of China reserves the right to take retaliatory measures should other countries discriminate against Chinese investment. This would be applied via increased scrutiny to any foreign investment.

What does this really mean?

The draft legislation in essence makes China an even more attractive proposition, including:

1. Doing business in China shall become easier as a result of decreased day-to-day compliance burdens
2. Investing into China shall become more attractive as a result of improved ease of raising funds and sending income abroad.

To read the full draft legislation in English, click here.

Matthew Schofield
Partner, Assurance & Advisory
T +61 3 8779 6511
M +61 425 741 390
E mschofield@shinewing.com.au

Michael Dwyer
Associate Director, Assurance & Advisory
T +61 3 8635 1820
M +61 458 557 373
E mdwyer@shinewing.com.au