A quarterly summary of the key Chinese policies affecting UK business

This product aims to inform new and expanding UK businesses selling to or located in China about the commercial regulatory issues most likely to affect them. We are providing factual information rather than analysis. All feedback welcome.

CROSS-CUTTING POLICIES:

China announced it will convert Hainan into a Free Trade Zone by 2020, and its first Free Trade Port by 2025. According to the State Council Guidance, sports lottery games and horse-racing will be allowed in Hainan to boost the tourism industry, and foreign companies will be encouraged to participate in the building of the port. Read the announcement [here](https://example.com) (Chinese), the State Council Guidance [here](https://example.com) (Chinese) and a summary [here](https://example.com) (English).

China unveiled the new Foreign Investment Negative List (FINL), effective from 28 July. The number of items on the new list was shortened from 63 to 48. Restrictions on petrol stations, ship and aircraft manufacturing, seeds (excluding wheat and corn), and exploration of some mineral resources are lifted. It also covers roadmaps to open up the automobile and finance sector. Read the announcement [here](https://example.com) (Chinese), the list [here](https://example.com) (Chinese) and a summary [here](https://example.com) (English). For more details on opening up the manufacturing sector, read the NDRC announcement [here](https://example.com) (Chinese).

The State Council Information Office announced that China will simplify the establishment of foreign companies from 30 June onwards. Read the SCIO notes [here](https://example.com) (Chinese) and a summary [here](https://example.com) (English).

State Council issued Measures for Outbound Transfers of Intellectual Property Rights on 29 March, effective immediately. Examinations will now be conducted over transfer of IPR that involves state secrets. Transfers include the export of technologies and acquisition of a domestic company by a foreign enterprise. Read the announcement [here](https://example.com) (Chinese) and a summary [here](https://example.com) (English).

China will launch a pilot programme to further open up its services sector from 1 July 2018 to 30 June 2020 in 17 areas, including Beijing, Shanghai and Shenzhen. A series of opening up measures will be issued in service sectors such as telecommunication, tourism, engineering consulting, finance and legal service over next months. Read the announcement [here](https://example.com) (Chinese) and a summary [here](https://example.com) (English).

SECTORS:

FINANCE

China Banking and Insurance Regulatory Commission (CBIRC) and China Securities Regulatory Commission (CSRC) published a series of measures to ease market access in financial services. Read the Measures to Relax Market Access for Foreign Banks [here](https://example.com) (Chinese), Implementation Details on the Administration of Foreign Insurance Companies (draft for comments) [here](https://example.com) (Chinese), Notice on Allowing Foreign Investors to Provide Loss Adjuster Services [here](https://example.com) (Chinese), Notice on Allowing Foreign Investors to Provide Insurance Agent Services [here](https://example.com) (Chinese), Notice on Expanding the Business Scope of Foreign-invested Insurance Brokerage Companies [here](https://example.com) (Chinese), Administrative Measures on Foreign-invested Securities Companies [here](https://example.com) (Chinese) and Administrative Measures on Foreign-invested Futures Companies (draft for comments) [here](https://example.com) (Chinese).

HEALTHCARE AND PHARMACEUTICALS

The State Council announced zero-tariffs for anti-cancer drugs from 1 May. Read the announcement [here](https://example.com) (Chinese) and the full list of drugs that will be tax free [here](https://example.com) (Chinese) and a summary [here](https://example.com) (English).

China’s Drug Authority expedites approval procedures of new Drugs. The Drug Administration and the National Health Commission jointly issued the Notice on Streamlining the Registration, Assessment and Approval of New Drugs on 17 May, effective immediately. The Notice stipulates that clinical data collected overseas for drugs approved for sales overseas will be accepted for some life-threatening diseases. For drugs that require clinical trials in China, the authority will also refine testing procedures to cut the time required before approval. Read the Notice [here](https://example.com) (Chinese) and a summary [here](https://example.com) (English).
The State Council has published the Opinion on Reform and Improvement Policies for Generic Drugs. The Opinion calls for a speedier process for evaluating the quality and efficacy of drugs, including intensifying oversight and improving the quality of processing. Read the Opinion here (Chinese) and a summary here (English).

CONSUMER GOODS

The State Council announced it will slash import tariffs on consumer goods from 1 July. The list includes clothing, sporting and kitchen goods (from 15.9% to 7.1%), household appliances like washing machines, fridges (from 20.5% to 8%), aquatic products and processed food (from 15.2% to 6.9%) and cosmetics and pharmaceuticals (from 8.4% to 2.9%). Read the State Council announcement here (Chinese), the full list here (Chinese) and a summary here (English).

AUTOMOTIVE

MOF announced a reduction on import tariffs for automobiles (from up to 25% to 15%) and components (from up to 25% to 6%) from 1 July. Read the announcement here (Chinese), the full list here (Chinese) and a summary here (English).

CHINESE INVESTMENT OVERSEAS:

Six authorities, including the NDRC jointly released the Opinions on Guiding the Healthy Development of Outbound Investment and Financing Funds on 10 April, effective immediately. The opinions highlighted the need to boost operating efficiency, improving the regulatory system, making more channels for social investors. Read the Opinions here (Chinese) and a summary here (English).

REGIONAL SNAPSHOT:

Hebei has a population of 74 million and an impressive growth rate of 6.7%. Major cities include the capital, Shijiazhuang, Baoding (the largest city), Tangshan (China’s largest steel producing city where Hebei Iron and Steel is based), Qinhuangdao, Handan and Zhangjiakou (home to the Winter Olympics 2022).

The province is China’s leading producer of steel and one of the country’s main coal production bases. Hebei’s economy relies on production of heavy industrial equipment, chemicals, and building materials (especially glass and cement), which are all major polluters. Hebei is now home to seven of China’s ten most polluted cities and the province is facing mounting pressure to restructure its industries, cut overcapacity and clean up the environment.

Looking ahead, Hebei is the centre of three major national initiatives: The coordinated development of the Jing-Jin-Ji city cluster (Beijing, Tianjin and Hebei); Zhangjiakou City's joint project with Beijing to host the Winter Olympics in 2022 and the establishment of Xiong’an New Area (XNA), an ambitious new sustainable and smart city region built from scratch. All three should facilitate Hebei’s growth and development and offer significant opportunities to UK PLC. HMA Barbara Woodward will visit Shijiazhuang later in the year to discuss the above opportunities.

For more information, get in touch with mary.li@fco.gov.uk. Mary leads the British Embassy Beijing's engagement with Hebei for the Regional Engagement Network.

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