

People's Republic of China: State Council Issued New Policy for Attracting Foreign Investment

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On 13 August 2023, the central government of China issued Opinions of the State Council on Further Optimizing the Environment for Foreign Investment and Increasing Efforts to Attract Foreign Investment (**New Policy**). The New Policy covers broad range of aspects in relation to incentivizing foreign investors to make investments in China.

In terms of industry sectors, the central government encourages foreign investors to invest in research and development centers and biomedical sectors in China. It also plans to open-up the Internet infrastructure sector to foreign investment, for example, to increase pilot programs allowing foreign investors to invest in restricted Internet and telecom business.

As to the asset management sector, the central government encourages foreign investors to set up investment companies and regional headquarters in China. It also plans to relax foreign exchange restrictions for qualified foreign limited partnerships (QFLP), in particular encouraging QFLP to raise funds in Renminbi from offshore to make investment in China.

In order to facilitate foreign investors' operation of business in China, the central government committed to improve immigration policies for expatriates and their families. For example, senior expatriates and technical talents are encouraged to apply for permanent residence in China. Expatriates are also entitled to tax preferential treatment in China, e.g., allowances for housing and children's education would be exempted from individual income tax in China.

The New Policy also covers other topics such as intellectual property protection, data privacy, green energy consumption, etc.

We expect that implementation rules will follow up shortly by all levels of government authorities and agencies.

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