

### China issues measures to further encourage foreign investment

China's State Council Wednesday issued measures through its website to supervise foreign enterprises or individuals who establish partnership enterprises within China. The aim of the new measures is, to encourage overseas investors with advanced technology and management experience to set up joint ventures in China, and promote the development of industries such as a modern service sector.

According to a staff member of the Legal Affairs Office of the State Council, who wished to remain anonymous, the Measures for the Administration of Partnership Business Establishment within Chinese Territory by Foreign Enterprises, targets two or more than two foreign enterprises or individuals who establish partnership enterprises.

This measure can also be used when a partnership is established by foreign enterprises (or individuals) together with Chinese enterprises (or individuals) within China.

Foreign enterprises or individuals, who become partners via stock purchases or partnerships, would be also under the measure.

Also, money that foreign enterprises or individuals use to invest in partnerships should be "convertible currency," or renminbi acquired within the law.

This measure also applies to partnership enterprises established in the Chinese mainland by companies or individuals from the Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan.

The measure will take effect on March 1, 2010.

According to the source, the newly-released measure is different from laws and regulations enacted previously to supervise foreign-funded enterprises, including Chinese-foreign joint ventures, Chinese-foreign cooperative businesses and solely foreign-owned enterprises.

"The partnership enterprise is a totally different form of foreign investment, as previously released laws aimed at foreign-funded companies cannot be applied. That's why we issued this measure," said the source.

*Source: Global Times*