



## China's Ownership Restrictions on US and Other Foreign Investors

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While China's entry into the World Trade Organization in 2001 opened many sectors to foreign investment, significant ownership restrictions remain in many sectors. The list below details foreign ownership restrictions in approximately 90 product and service categories, and is compiled from China's Catalogue Guiding Foreign Investment and other policies and regulations.

*Note 1: All items are from the December 2011 Catalogue Guiding Foreign Investment except those marked with an asterisk, indicating that ownership restrictions are found in other policies and regulations.*

*Note 2: China made commitments at the May 2012 Strategic & Economic Dialogue to increase the foreign ownership limit in securities firms from 33 percent to 49 percent, and to allow foreign investment in the trading of commodity and financial futures via joint ventures, with the foreign equity share limited to a maximum of 49 percent. Although these commitments are included in this list, USCBC cannot confirm whether they have been incorporated into Chinese laws and regulations yet.*

SECTOR	Joint Venture (JV) with Chinese Company Required	JV Required, Foreign Share Limited to Minority	Specific Foreign Ownership Cap (if any)
<b>Manufacturing</b>			
<i>Agricultural food processing</i>			
1. Processing of edible oils from soybeans, rapeseeds, peanuts, cottonseeds, tea seeds, sunflower seeds, and palm oil seeds		X	
2. Manufacture of biofuels (ethanol and biodiesel)		X	
<i>Beverage manufacturing</i>			
3. Manufacture of yellow rice wine and famous and high-quality distilled spirits		X	
<i>Tobacco processing</i>			
4. Cellulose diacetate fiber and strip processing	X		
<i>Papermaking and paper product industry</i>			
5. Production of chemical wood pulp derived from overseas lumber with single assembly line capacity of 300,000 tons or more annually and chemical mechanical wood pulp with single assembly line	X		

SECTOR	Joint Venture (JV) with Chinese Company Required	JV Required, Foreign Share Limited to Minority	Specific Foreign Ownership Cap (if any)
capacity of 100,000 tons or more annually, as well as high-quality paper and cardboard produced simultaneously			
<i>Printing and copying</i> 6. Printing of published materials		X	
<i>Medical and pharmaceutical products manufacturing</i> 7. Manufacture of anesthetics and Type I psychoactive drugs		X	
<i>Nonferrous metal smelting and processing manufacturing</i> 8. Smelting and separation of rare earths	X		
<i>General equipment manufacturing</i> 9. Manufacture of wheeled and crawler cranes	X		
<i>Specialized equipment manufacturing</i> 10. Manufacture of large-scale coal chemical industrial equipment sets	X		
<i>Transportation vehicle and equipment manufacturing</i> 11. Manufacture of automobiles, specialized motor vehicles, agricultural transportation vehicles, and motorcycles*	X		50%
12. Manufacture of R&D of electronic equipment for autos: vehicle electronic bus and networking technology	X		
13. Manufacture of R&D of electronic equipment for autos: electronic controllers for electric-powered steering devices	X		
14. Manufacture of R&D of electronic equipment for autos: integrated electronic circuit systems	X		
15. Manufacture of key components of new-energy autos: energy-type batteries (energy density $\geq 110$ Wh/kg, life cycle $\geq 2,000$ times)	X		50%
16. Production of critical spare parts for motorcycles with high-volume engine displacement (displacement of more than 250 ml): motorcycle electronically controlled fuel injection technology	X		
17. Railway transportation equipment	X		
18. Design, manufacture, and maintenance of civil aviation airplanes: airplanes for main and branch lines		X	
19. Design, manufacture, and maintenance of civil aviation airplanes: planes for general use	X		

SECTOR	Joint Venture (JV) with Chinese Company Required	JV Required, Foreign Share Limited to Minority	Specific Foreign Ownership Cap (if any)
20. Design and manufacture of civil aviation helicopters: more than 3 tons		X	
21. Design and manufacture of civil aviation helicopters: less than 3 tons	X		
22. Manufacture of aircraft for ground or water surface effects		X	
23. Design and manufacture of unmanned aircraft and aerostats		X	
24. Design, manufacture, and maintenance of airplane engines and critical parts and auxiliary power systems	X		
25. Design and manufacture of civil aviation carrier-borne equipment	X		
26. Design of cruise ship and deep ocean (deeper than 3,000 meters) engineering devices	X		
27. Repair and manufacture of oceanic engineering equipment (including modules)		X	
28. Design of low- and medium-speed diesel engines and related parts for ships	X		
29. Manufacture of low-, medium-, and high-speed diesel engines and related parts for ships		X	
30. Design and manufacture of machinery for ship cabins and decks		X	
31. Manufacture and design of yachts	X		
32. Repair, design, and manufacture of ships (including parts)		X	
<i>Power generating machinery and equipment manufacturing</i>			
33. Manufacture of key auxiliary devices for supercritical thermal power plants exceeding 1 million kW	X		
34. Manufacture of power transmission and transformer equipment	X		
35. Manufacture of complete sets of equipment and key equipment for new-energy power generation	X		
36. Manufacture of large pump storage units at 350 MW and higher rated power	X		
<i>Communication equipment, computer, and other electronics manufacturing industry</i>			
37. Design and manufacture of civil satellites		X	
38. Manufacture of satellite payloads		X	
39. Manufacture of air-traffic control equipment	X		

SECTOR	Joint Venture (JV) with Chinese Company Required	JV Required, Foreign Share Limited to Minority	Specific Foreign Ownership Cap (if any)
<b>Finance and Insurance</b>			
40. Banking (shareholding in an existing Chinese bank)*		X	20% for any one foreign investor; 25% for all foreign investors
41. Life insurance companies	X		50%
42. Securities companies (limited to underwriting A shares and underwriting and transacting B shares, H shares, and government and corporate securities)		X	49% (see note 2)
43. Stock investment fund companies		X	49%
44. Futures trading companies		X	49% (see note 2)
<b>Leasing and Business Services</b>			
45. Accounting and auditing	X		
46. Market research	X		
<b>Transportation, Shipping, Storage, Telecommunications, and Postal Industries</b>			
47. Construction and operation of main line railroad networks		X	
48. Construction and management of branch railway lines, local railways and bridges, tunnels, ferry facilities, and station yard facilities	X		
49. Construction and management of civil airports		X	
50. Air carrier shipping companies		X	
51. General purpose airline companies serving the agriculture, forestry, and fisheries industries	X		
52. Periodic and aperiodic international marine transportation services		X	
53. Passenger train transportation companies		X	
54. Water transportation companies		X	
55. General-use airline companies for photography, prospecting, and industrial purposes		X	
56. Telecom companies: value-added telecom services	X		50%
57. Telecom companies: basic telecommunication services		X	49%
<b>Wholesale and Retail Trade</b>			
58. Retail operations of more than 30 chain stores that sell different types and brands from multiple suppliers (with sample operations including wholesale, retail, and distribution of grain, cotton,		X	

SECTOR		Joint Venture (JV) with Chinese Company Required	JV Required, Foreign Share Limited to Minority	Specific Foreign Ownership Cap (if any)
	vegetable oil, sugar, tobacco, crude and refined oil, pesticides, agricultural film, and fertilizers)			
	59. Distribution of audio-visual products (except films)	X		
	60. Shipping agents		X	
	61. Foreign freight forwarders	X		
<b>Mining</b>				
	62. Exploration and development of coal bed methane; use of mining gas	X		
	63. Exploration and development of oil and natural gas	X		
	64. Development of low-permeation oil and gas fields (deposits)	X		
	65. Development and application of new and other relevant technology to increase crude oil extraction	X		
	66. Development and application of new technology in oil exploration and development, such as exploring, drilling, well logging, measuring while logging, and down-hole operations	X		
	67. Exploration and development of oil shale, oil sand, heavy oil, ultra heavy oil, and other non-conventional oil resources	X		
	68. Exploration and development of unconventional natural gas resources such as shale gas and seabed gas hydrate	X		
	69. Surveying and mining of special and rare coal		X	
	70. Surveying and mining of barite	X		
	71. Mining of manganese (polymetallic) nodules and sea sand		X	
<b>Real Estate</b>				
	72. Development of land	X		
<b>Electricity, Gas, and Water Production and Supplies</b>				
	73. Construction and management of nuclear power stations		X	
	74. Construction and operation of electricity grids		X	
	75. Construction and management of gas, heat supply, and water drainage networks in cities with a population of more than 500,000		X	
<b>Water Conservancy, Environment, and Public Infrastructure Management Services</b>				
	76. Construction and management of comprehensive water-conservancy hubs		X	
	77. Construction and management of metro, light rail, and other urban rapid transit systems		X	

SECTOR	Joint Venture (JV) with Chinese Company Required	JV Required, Foreign Share Limited to Minority	Specific Foreign Ownership Cap (if any)
<b>Agriculture, Forestry, Animal Husbandry, and Fishery</b>			
78. Cultivation and breeding of Chinese medicinal crops	X		
79. Selection and breeding of new types of agricultural goods, and production of seeds		X	
80. Processing of precious wood	X		
<b>Scientific Research, Technology Services, and Geological Survey Industries</b>			
81. Surveying and mapping companies		X	
82. Photography services (including aerial photography and other stunt photography services, but not aerial photography for surveying and mapping)	X		
<b>Education</b>			
83. Institutions of higher education	X		
84. Basic secondary (high school) educational institutions	X		
<b>Culture, Sports, and Entertainment Industries</b>			
85. Operation of performance venues		X	
86. Radio and television program and film production	X		
87. Construction and management of movie theaters		X	
88. Performance agent companies		X	
89. Operation of entertainment venues	X		