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里格律师事务所
A&Z LAW FIRM

A&Z Monthly Newsletter

January 2021

Passion - Professionalism - Collaboration

Dear Friends,

This is a monthly newsletter focusing on legal matters in China, and related issues that shape the general business environment for foreign companies operating in China.

Should you have any comments or questions, please do not hesitate to contact Ms. Anna Lukina, BD & Marketing Director at alukina@a-zlf.com.cn visit the [A&Z website](#).

Sincerely,
The Editors

Legal Updates

[China Updates the 'Catalogue of Industries for Encouraging Foreign Investment' Read More](#)

The National Development and Reform Commission and the Ministry of Commerce released the 'Catalogue of Industries for Encouraging Foreign Investment (2020 Version)' on December 28, 2020. The new catalogue will be implemented from January 27, 2021, and the 2019 version of the catalogue will be revoked at the same time.

The new catalogue has 127 added items and 88 revised items, aiming to expand the scope of industries that encourage foreign investment. The 2020 edition of the Catalogue will further give full play to the positive role of foreign investment in the industrial and supply chain. Under the new catalogue, foreign companies are encouraged to invest in production service industries, like R&D in 5G telecommunication technology, blockchain technology, and the design of sewage treatment facilities. Foreign companies are also encouraged to invest in central and western areas in China, notably via the items that encourage foreign investment in agricultural product processing and tourism development in Heilongjiang and Yunnan.

[MOFCOM and GAC Release the 'Catalogue of Goods Subject to Import & Export License Administration' Read More](#)

The Ministry of Commerce and the General Administration of Customs released the 'Catalogue of Goods Subject to Import License Administration' (2021) on December 31, 2020, the 'Catalogue of Goods Subject to Export License Administration' (2021), and the 'Catalogue of Dual-Use Items and Technologies Subject to Import and Export License Administration', effective from January 1, 2021.

On the same day, the Ministry of Commerce, the General Administration of Customs and the Ministry of Ecology and Environment released the 'Catalogue of Commodities Prohibited from Import (7th Batch)' and the 'Catalogue of Commodities Prohibited from Export (6th Batch)'.

A&Z Past Events

5th January, Shanghai

Ms. Sophie An, Principal Partner at A&Z Law Firm, participated in a thematic briefing on the 'Report on the Work of the Shanghai Municipal Government 2020 (draft for comments)' and the 'Outline of the Fourteenth "Five-Year Plan" for Shanghai City Economic and Social Development and the Long-Range Objectives Through the Year 2035 in Shanghai (draft)'.

15th January, Shanghai



A&Z Law Firm held the 2021 Annual Gala at the historic Okura Garden Hotel. During the introductory meeting, our lawyers and BD managers gave speeches on the themes of 'Report of A&Z's Activity in 2020' and 'Review and Prospects of China's Legal Trends in 2020'. This was followed by a dinner event with clients and international government representatives, with everyone wishing each other great progress in 2021. [Read more](#)

21st January, Shanghai

The Pharmaceutical and Health Department of A&Z Law Firm held a seminar entitled "Review of the Key Regulations and Policies of China's Pharmaceutical Industry and Outlook for 2021". Many pharmaceutical and life science related companies participated in this seminar, and it was highly

[MOFCOM Releases the 'Rules on Counteracting Unjustified Extra-territorial Application of Foreign Laws and Measures' Read More](#)

The Ministry of Commerce has recently issued the 'Rules on Counteracting Unjustified Extra-territorial Application of Foreign Laws and Measures', with effect from January 11.

The Rules mainly touch upon contents in five aspects. The first is reporting in a timely manner: where Chinese citizens, legal persons or other organizations encounter an unjustified extra-territorial application of foreign laws and measures, they are prohibited or restricted from engaging in normal economic, trade and related activities with third countries (regions), and they shall report the matter within 30 days. The second is about evaluation and confirmation: regarding whether there exists an unjustified extra-territorial application of foreign laws and measures, the working mechanism will consider various factors to conduct the evaluation and confirmation. The third is issuing a prohibition order: where there exists an unjustified extra-territorial application of relevant foreign laws and measures upon evaluation and confirmation, the working mechanism may decide that the commerce department of the State Council shall issue a prohibition order. The fourth is judicial remedy: where Chinese citizens, legal persons, or other organizations suffer losses due to the unjustified extra-territorial application of foreign laws and measures, they may file lawsuits with domestic courts and claim for compensation. The fifth is the punishment system: the corresponding punishments shall be imposed on Chinese citizens, legal persons, or other organizations that violate the obligation to report truthfully and fail to comply with the prohibition order.

[SAFE Releases the 'Measures for Implementing Administrative Licensing at SAFE' Read More](#)

The State Administration of Foreign Exchange released the 'Measures for Implementing Administrative Licensing at the State Administration of Foreign Exchange' on January 15, 2021, which will be implemented from February 1, 2021.

There are four key points in the regulation. The first is to clarify the procedures for making and accepting administrative licensing applications, examining, hearing and making a decision on the applications; the second is to introducing online services for administrative licensing; the third is to streamline document requirements and reduce the amount of papers to be provided by applicants if relevant documents can be shared from the relevant government departments or obtained from the foreign exchange administrative system in accordance with the laws; the fourth is to standardizing the publicity of administrative license and clarify requirements on information disclosure about administrative licensing decisions.

[PBOC Scraps the Special RMB Capital Account for Foreign Direct Investment in Lingang New Area of Shanghai Free Trade Zone Read More](#)

Shanghai Head Office of the People's Bank of China released the 'Circular about Scrapping Special RMB Capital Account for Foreign Direct Investment at the Lingang New Area of Shanghai Free Trade Zone' on January 6, 2021.

According to the circular, foreign-invested enterprises registered in the Lingang New Area no longer have to open special RMB capital accounts when they make capital contributions in RMB. Their settlement bank can directly handle RMB capital accounting services for these enterprises, and the use of funds must comply with relevant documents of the People's Bank of China. After the RMB capital account is canceled, the settlement bank shall continue to submit information to the RMB cross-border payment and receipt management information system (RCPMIS) as before.

[SAFE Releases Guidelines for Foreign Exchange Business under Capital Account \(2020 Version\) Read More](#)

The State Administration of Foreign Exchange released on January 22, 2021 the Guidelines for Foreign Exchange Business under the Capital Account (2020 Version), effective from November 13, 2020.

The document covers four parts, including guidelines for designated banks to directly handle foreign exchange business under capital account, including direct investment in foreign currencies and securities investment at Chinese and foreign markets. And the Operation Guidelines for Foreign Exchange Business under the Capital Account (2017 Version) is revoked at the same time.

Industry News

appraised.

22nd January - 26th January, Shanghai



Ms. Sophie An, Principal Partner at A&Z Law Firm, participated in the Fourth Session of the Thirteenth Conference of Shanghai Committee of the CPPCC and spoke on behalf of the sector of social sciences on the topic of 'Strengthening Social Responsibility, Establishing an International Image and Working Together to Promote the Green Transformation of Express Packaging'.

27th January, Online



The European and American Desk of A&Z Law Firm held a webinar with the cooperation of CW CPA, on the subject of the issues that companies may face when doing business in China in 2021. Ms. Anna Lukina, BD and Marketing Director at A&Z Law Firm, discussed the legal issues that companies may face in terms of salary reductions, labor contracts and international payments. The webinar was well received by the audience. [Read more](#)

About A&Z Law Firm

A&Z is a leading Chinese law firm, which employs over 50 experts composed of a team of professionals comprising attorneys, legal assistants, Japanese translators, client managers, and business specialists across 5 offices in 11 legal practices. Having been active in Shanghai since 2004, A&Z's presence was expanded through the establishment of offices in Beijing, Dalian, Wuhan, and Tokyo. A&Z focuses on advising multi-national groups, major corporations, banks, and SMEs on various legal issues relevant to their business endeavors. A&Z's practices include Foreign Investment, Overseas Investment, Competition and Antitrust, Intellectual Property, M&A and Corporate Restructuring, Labour and Social Security, Dispute Resolution, Compliance and CSR, Finance and Capital Markets, Customs Logistics and Maritime Commerce, and Environment, Health and Safety (EHS).

The information contained in this

[China's proactive fiscal policy to be more targeted: official](#)
Xinhua Net, January 1

[China issues rules on national carbon emission exchange](#)
Reuters, January 5

[Investment deal expected to bolster European dealmaking in China](#)
Reuters, January 7

[China lowers upper limit for non-financial firms' cross-border financing](#)
Xinhua Net, January 7

[Economic Watch: China's monetary policy to prioritize stability in 2021](#)
Xinhua Net, January 8

[China to step up legal efforts for IPR protection](#)
Xinhua Net, January 11

[Service industry delivers growth on back of IT, financial sector](#)
China Daily, January 18

[Looking ahead in Hainan: duty-free shopping](#)
China Daily, January 20

[China was largest recipient of FDI in 2020: Report](#)
Reuters, January 25

[Opinion: No, Manufacturing Is Not Leaving China](#)
Caixin Global, January 28

[China shares end higher on January factory activity](#)
Reuters, February 1

Newsletter is for reference on matters of interest only, and is not intended to be comprehensive. Although we try to ensure accuracy, please note that the application and impact of laws can vary based on contextual and circumstantial variables. Before taking any action, please ensure that you obtain professional advice specific to your circumstances.

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