

China Releases Circular on Further Stabilizing Foreign Trade and Foreign Investment

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On August 12, 2020, the State Council of the People's Republic of China ("**State Council**") released the *Circular on Further Stabilizing Foreign Trade and Foreign Investment* (the "**Circular**"), in which the Chinese government announced 15 policies aiming to protect foreign trade entities and to keep supply chains stable against the economic fallout of the unabated COVID-19 pandemic. A few key points of the Circular include:

1. *Facilitate foreign trade flows and business travel to China.* On the condition that COVID-19 prevention measures are strictly implemented, China will continue to work with foreign countries to establish "fast pass" to facilitate the international travel of foreign businessmen, logistics personnel, production personnel and technicians to China. Meanwhile, China will add more flights with its major source countries of investment while increasing the total amount of international passenger flights in a phased manner.
2. *Emphasize the role of export credit insurance.* On the condition that the risks could be controlled, China Export & Credit Insurance Corporation will provide insurance coverage against the risks of canceled orders before shipments.
3. *Credit support to foreign trade firms.* Provide support to eligible regions to copy and expand the financing model featuring "credit plus guarantee insurance" and step up credit support to foreign trade firms, especially micro, small and medium ones.
4. *Foreign funded companies eligible for low-cost lending.* Extend financial support to major foreign-funded companies, which are now eligible for the People's Bank of China's 1.5 trillion-yuan low-cost re-lending loan program and rediscount quota. The Export-Import Bank of China also increases its loan scale in the amount of 570 billion yuan to support qualified major foreign-funded companies.
5. *Increase support for key foreign investment projects.* For key foreign investment projects over 100 million U.S. dollars, it will be treated in the same way as a domestic investment project. Meanwhile, the Chinese government will also increase its support for foreign investment projects in terms of the sea use, land use, utility usage and environment protection issues.
6. Increase efforts to help foreign trade firms expand clientele, as well as to improve trade facilities and services, including cross-border e-commerce platforms, cross-border logistics and overseas warehouses.
7. Encourage foreign investors to invest in high-tech industries as well as healthcare enterprises. Facilitate the application process for high-tech enterprise certification. Lower the threshold for foreign R&D centers to be eligible for preferential policies, such as preferential import tax treatment.

Implications

As a general policy guidance, the Circular does not provide detailed rules for implementation. It is therefore expected that the Chinese central and local governments will then issue specific regulations and measures to ensure the implementation of the relevant policies stipulated in the Circular. The Circular, however, reflects China's ongoing commitment to providing support for foreign investment in China.

For more information, please see the following resources:

- China Updates page
- [China Releases Draft Measures for the Administration of Imported and Exported Food Safety](#), August 18, 2020
- [U.S. Listed Chinese Companies: Regulatory Scrutiny and Strategic Options](#), July 30, 2020
- [China Passes Controversial Hong Kong National Security Law](#), July 9, 2020
- [China's Relaxed Financial Sector May Aid Foreign Investors](#), June 18, 2020
- [Is There a Law in China Similar to the US Defense Production Act?](#), May 9, 2020
- [Coronavirus Brings Force Majeure Claims to LNG Contracts](#), March 4, 2020
- [The Rise of China](#), March 4, 2020
- [Coronavirus Fears Cast Cloud Over Dealmaking](#), February 27, 2020
- [Is Your China Chemical Plant in Danger of Being Shut Down](#), December 2019