

are protected by the laws of the People's Republic of China.

The Second Session of the Fifth Chinese National People's Congress held in July, 1979 adopted and promulgated the Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment, and thereafter has promulgated a series of separate laws and regulations concerning joint ventures in accordance with that law, such as the Regulations of the People's Republic of China on the Registration and Administration of Joint Ventures Using Chinese and Foreign Investment, Regulations of the People's Republic of China on Labour Management in Joint Ventures Using Chinese and Foreign Investment and the Income Tax Law of the People's Republic of China Concerning Joint Ventures Using Chinese and Foreign Investment, etc.

By the end of 1982, the total amount of direct foreign investment absorbed in various forms by our country is 4.9 billions of U.S. dollars according to agreements, of which 1.7 billions have been put into use; among these 83 projects are joint ventures, which have actually utilized 100 millions of U.S. dollars of foreign investments. During these years, certain experiences have been gained for running Chinese and foreign joint ventures.

The Regulations promulgated today are formulated in accordance with the open-door policy of our country, the relevant provisions of the Constitution, the Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment and the practical experiences gained during these years. The Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment promulgated in 1979 is comparatively principled and simple. The present Regulations have further concretized those principles on the basis of that law, and clarified the issues that have not been involved in the joint venture law but put forward for solution by the practice of running joint ventures. Therefore, the formulation of the Regulations has made the laws of our country concerning Chinese and foreign joint ventures more concret and perfect.

The Chinese government hopes that the formal promulgation and implementation of the Regulations shall not only enable the existing Chinese-Foreign joint ventures to be run more successfully and have a greater development on basis thereof, but also attract more foreign investors to cooperate with various departments concerned of our country to establish new joint ventures.

II. The Main Contents of the Regulations

The Regulations include altogether 16 chapters,

with 118 articles and 15,000 words.

The Regulations have reflected the principle of equality and mutual benefit for both parties to joint ventures, and reflected the spirit of the Chinese government to further relax the policy for utilizing foreign investments and running joint ventures.

The main contents provided for by the Regulations are as follows:

1. The legal status of joint ventures in China. The Regulations stipulate explicitly that joint ventures are the Chinese legal persons, which are under the jurisdiction and protected by the Chinese law.

2. The industries in which joint ventures are encouraged, the requirements to joint ventures and the prohibited items. The industries in which joint ventures are encouraged by China are:

Energy development, the building material, chemical and metallurgical industries;

Machine manufacturing, instrument and meter industries and offshore oil exploitation equipment manufacturing;

Electronics and computer industries, and communication equipment manufacturing;

Light textiles, foodstuffs, medicine, medical apparatus and packing industries;

Agriculture, animal husbandry and aquaculture.

Tourism and service trades.

From all these we can see that the field of joint ventures are very broad.

The requirements set by the Regulations are mainly that the joint ventures shall facilitate the construction of the four modernizations of our country and the acquisition of the advanced technologies which suit the needs of our country. The prohibited items are mainly that the joint ventures shall not be detriment to China's sovereignty, in violation of Chinese law, unconformity with the requirements of the development of China's national economy, and impairment to the rights and interests of one of the parties to the joint venture. All these are the minimum requirements of a sovereign state, but not excessive demands, let alone any discriminations to joint ventures.

3. The procedure for establishment and approval of joint ventures, the agreement, contract, articles of association of joint ventures and the main contents thereof, their organizational form and method of making investment as well as their operation rights.

4. The board of directors and management organizations of joint ventures. The Regulations stipulate explicitly that the board of directors composed of on basis of agreement by both parties to the joint venture is the highest authority of the venture and shall decide all the major issues thereof.

5. The relations between joint venture plan and the state plan, the marketing channel and price of joint venture products. The Regulations stipulate