



Newsletter

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July 31, 2025

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Update

Seven Departments Issue Twelve Measures to Encourage Domestic Reinvestment by Foreign-Invested Enterprises

On July 7, the National Development and Reform Commission, together with six other departments, jointly issued the *Notice on Implementing Several Measures to Encourage Domestic Reinvestment by Foreign-Invested Enterprises* (the “Notice”), which took immediate effect.

The Notice comprises twelve articles and applies to foreign-invested enterprises that reinvest their undistributed profits or profits lawfully distributed to overseas investors in China. It requires all regions to establish project databases for reinvestment by foreign-invested enterprises, with eligible projects entitled to support policies. Measures include supporting flexible land use methods to reduce costs, streamlining

industry access permit procedures, and implementing tax incentive policies; permitting the transfer of foreign exchange funds according to regulations, and allowing qualified reinvestment projects to benefit from support policies for imported equipment; optimizing the management of loans from related foreign shareholders and encouraging financial institutions to innovate services; promoting pilots for investment information reporting, enhancing information sharing, and optimizing investment evaluation methods.

GACC Formulates Interim Measures for Supervision of Shanghai Dongfang Hub International Business Cooperation Zone

On July 18, the General Administration of Customs of China (GACC) issued the *Announcement on Issuing the Interim Measures of the Customs for the Supervision of the Shanghai Dongfang Hub International Business Cooperation Zone* (the “Announcement”), which took immediate effect.

The Announcement stipulates that customs shall supervise the entry and exit of personnel, goods, and articles between the business cooperation zone and both overseas and domestic non-zone areas, establishing a intelligent supervision system and facilitating customs clearance. The business cooperation zone implements closed management with facilities meeting customs requirements. Customs shall rely on an integrated information management service platform for data exchange and information sharing. Goods entering and leaving the zone are subject to trade statistics, with taxation policies implemented in accordance with State Council regulations. Enterprises within the zone are required to establish electronic ledgers, and customs will conduct audits and inspections of relevant enterprises.

GACC Issues Supervision Measures for Hainan Free Trade Port

On July 23, the General Administration of Customs of China (GACC) issued the *Supervision Measures of the Customs for the Hainan Free Trade Port* (the “Measures”), which will come into effect on December 18, 2025.

The Measures specify customs supervision targets within the Hainan Free Trade Port, covering inbound and outbound means of transportation and goods. They clarify that goods moving between Hainan Free Trade Port and overseas must be subject to customs supervision, with certain items eligible for the “zero tariff” policy. A smart supervision system will be established, and international trade operations will be processed via the China (Hainan) International Trade Single Window. The movement of “zero tariff” goods within the Hainan Free Trade Port requires completion of relevant procedures, and customs will not retroactively levy taxes on such goods. Those who violate the regulations will be subject to penalties in accordance with the law.

The Strictest Supervision for Local AMCs

On July 15, the National Financial Regulatory Administration officially issued the *Interim Measures for the Supervision and Administration of Local Asset Management Companies* (the “Measures”), which took immediate effect. This marks a new stage of more standardized and transparent development for China’s local asset management companies (referred to as “local AMCs”).

The Measures comprises four chapters and 45 articles, covering general provisions, business operations and

risk management, supervision and administration, and supplementary provisions. One of the most crucial aspects is the clear definition of the business scope for local AMCs, promoting their return to the core business of managing non-performing assets. The Measures specifically emphasize that local AMCs “must not engage in activities beyond the aforementioned scope” and delineate operational boundaries through a negative list. The Measures also set quantitative indicators: requiring that the average annual financial non-performing asset acquisitions over the past three years account for no less than 30% of new investments.

State Council Issues Notice on Replicating and Promoting 77 Pilot Measures from Shanghai Free Trade Zone

On July 2, the State Council issued the *Notice on Effectively Replicating and Promoting the Pilot Measures for High-Level Institutional Opening-Up in Full Alignment with International High-Standard Economic and Trade Rules in Pilot Free Trade Zones* (the “Measures”), which took immediate effect.

The Measures cover seven key areas: service trade, goods trade, digital trade, intellectual property protection, government procurement reform, “post-border” management system reform, and risk prevention and control, comprising a total of 77 measures. Among these, 34 measures are to be promoted to other pilot free trade zones, while 43 measures are intended for nationwide implementation. Major measures include strengthening the digital RMB pilot, optimizing capital management for multinational companies, formulating a negative list for cross-border data transfers, and promoting the use of electronic documents.

Shanghai Municipal Government Issues 17 Measures to Promote High-Quality Development of the Software and Information Services Industry

On July 7, the Shanghai Municipal Government website published the *Notice on Printing and Distributing Several Measures for Promoting the High-Quality Development of the Software and Information Services Industry in Shanghai* (the “Measures”). The Measures are effective until June 30, 2028.

The Measures include incentivizing the development of high-quality enterprises and SMEs, supporting the empowerment of the software and information services industry by artificial intelligence, improving new momentum cultivation policies, and reducing enterprise costs. Specific measures include: providing rewards to enterprises with revenue exceeding RMB 2 billion; supporting cloud service providers in developing model-as-a-service capabilities; promoting the agglomeration and development of the digital content industry; reducing costs in R&D, financing, internet services, and employment; and optimizing talent supply and enterprise regulatory services.

State Council Issues Documents to Improve “Efficiently Completing One Matter” Mechanism and Specifies Second Batch of Key Items

On July 3, the General Office of the State Council released the *Opinions on Improving the Normalized Advancement Mechanism for Key “Efficiently Completing One Matter” Items and the Notice on Publishing the 2025 Second Batch of Key Items List for “Efficiently Completing One Matter”* (the “Opinions”), which took immediate effect.

The Opinions call for clarifying comprehensive lists of key matters throughout the full lifecycles of business

entities and individuals, issuing annual key matters lists, and encouraging the establishment of special matters lists; optimizing business processes for key items, advancing the construction of online and offline service systems, enhancing the sharing of government data, and exploring applications of “AI + government services”; prioritizing user experience to advance integrated “one-type matter” services, improving comprehensive regulatory effectiveness, and boosting the efficiency of government operations.

The key items list covers both business entity and individual matters. Business entity items include enterprise financing services, record filing for overseas engineering contracting, and joint acceptance inspection of construction projects, with responsibilities assigned to departments such as the Ministry of Human Resources and Social Security and the Ministry of Housing and Urban-Rural Development. Individual matters include unemployment registration, unemployment insurance benefit applications, tax refunds for overseas travelers, customs clearance for inbound and outbound mail, and social assistance, with responsibility allocated to departments such as the Ministry of Human Resources and Social Security, the Ministry of Commerce, and the Customs authority.

Shanghai Issues 12 Measures to Further Expand Artificial Intelligence Applications

On July 28, the Shanghai Municipal Commission Of Economy and Informatization issued the *Notice on the Several Measures for Further Expanding the Application of Artificial Intelligence in Shanghai* (the “Notice”), which took immediate effect.

The Several Measures consist of 12 points, which clarify that to accelerate the development of the artificial intelligence industry, Shanghai will invest RMB 600 million in computing power vouchers to support enterprises in the research and application of large models, offering up to a 30% subsidy on computing power rental fees; RMB 300 million in model vouchers to support the application of large models; and RMB 100 million in corpus vouchers to promote corpus procurement. The municipal government will also fund innovations in frontier technologies such as intelligent chips and brain-machine interfaces, support 100 AI projects, and establish an industrial innovation service platform. The focus will be on integrating artificial intelligence with manufacturing and service industries, building AI towns, and offering innovation product rewards of up to RMB 5 million.

Article(s)

China’s Revised Dual-Use Items Control List: Impact Analysis on Cross-Border Operations and Compliance Adaptation (I)

by Jackson Liu

With changes in the international political and economic environment and the continuous advancement of technology, China is playing an increasingly significant role in strengthening national security and global technological competition.

To address the evolving international landscape, China is continuously refining and revising its relevant export control systems. It has systematically integrated the export control lists originally attached to various

regulations - such as those on nuclear dual-use items, missile-related items, biological dual-use items, and chemicals - into a unified *Export Control List of Dual-Use Items of the People's Republic of China* (hereinafter referred to as the “List”).

This List, implemented in conjunction with the *Regulations of the People's Republic of China on the Export Control of Dual-Use Items* (State Council Order No. 792, hereinafter referred to as the “Dual-Use Item Export Control Regulation”), came into effect on December 1, 2024. This article interprets the key points of the revisions to the Dual-Use Item Export Control List and analyzes its impact on China's national security, international trade, and technological competition.

I. Background

According to Article 2 of the Dual-Use Item Export Control Regulation, “dual-use items” refer to goods, technologies, and services that have both civilian uses and military uses, or that can contribute to enhancing military potential, especially those that can be used in the design, development, production, or use of weapons of mass destruction and their means of delivery, including related technical data. The dual-use nature of these items means they can significant impact on national security, military development, and even regional stability in global trade. The purpose of international controls on the movement of these items is primarily to prevent proliferation of sensitive technologies and avoid the misuse, particularly in high-risk areas such as military and nuclear technology.

Prior to the Dual-Use Item Export Control List, China's export controls on dual-use items were governed by separate administrative regulations, including the *Regulations of the People's Republic of China on the Control of Nuclear Dual-Use Items and Related Technologies Export*, the *Regulations of the People's Republic of China on the Control of Missiles and Missile-Related Items and Technologies Export*, and the *Regulations of the People's Republic of China on the Control of Biological Dual-Use Items and Related Equipment and Technologies Export*. The definition of controlled items was also primarily based on the *Catalogue of Dual-Use Items and Technologies Subject to Import and Export License Administration* periodically issued jointly by the Ministry of Commerce and the General Administration of Customs.

Since December 1, 2024, except for controlled chemicals (still governed by the *Regulations on the Control of Chemicals*) and certain missile-related items managed under the *Regulations on the Administration of Military Products Export*, all other dual-use item export controls have been repealed and are now regulated solely by the Dual-Use Item Export Control Regulation and the List.

II. Key Points of the Export Control List Revisions

The List is divided into two parts. Part I outlines the background, basis, and purpose of its formulation, clarifies the coding rules, and provides explanations for important technical notes. Part II, combined with control codes, specifies the specific controlled items. The main revisions include the following aspects:

(A) Revision of Coding Rules

Compared to previously issued dual-use item lists and catalogues, the List adopts an internationally recognized alphanumeric coding system for items. All controlled items use a five-digit code: the 1st digit represents the industry sector (0-9, Arabic numerals); the 2nd digit represents the item type (A-E, uppercase English letters); the 3rd digit represents the reason for control (0-9, Arabic numerals); the 4th and 5th digits are used together for item sequencing (0-9, Arabic numerals).

(B) Addition of New Controlled Items and Technologies

With the continuous advancement of technology, new technologies and products have the potential to be used for military purposes. Therefore, the List includes items from multiple fields such as information technology, communication technology, artificial intelligence, and quantum computing, including:

(a) Artificial Intelligence and Automation Technology: Strengthened controls on AI technologies, particularly deep learning and machine learning algorithms.

(b) Quantum Technology: Items in emerging fields like quantum computing and quantum communication, aiming to prevent these technologies from being used in areas that threaten national security, such as code-breaking and information theft.

(c) Semiconductor Technology: Semiconductor technology, especially manufacturing equipment and related technologies for high-end chips, has become a key focus of control in the List.

(C) Strengthening Control over Cross-Border Data Flows

Recognizing the critical role of data flows in globalization, the List has strengthened controls on items related to cross-border data flows and cybersecurity, particularly technologies such as cloud computing, big data analytics, and encryption algorithms. This aims to prevent the global movement of sensitive data and avoid potential security risks.

Contact Us

davidzou@grandwaylaw.com

www.grandwaylaw.com

23F, S2 Building, Bund Financial Center, 600

Zhongshan No. 2 Road (E), Shanghai, 200010, China

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