

People's Republic of China

1. Industrial Strategy (Including Objectives/Goals)

The economic transformation of Peoples Republic of China's (PRC) is closely linked with the success of its industrial policy over the last three decades.¹ "Made in China 2025" which was formulated in 2015, set milestones for China to reach by 2020 and 2025 with the aim of upgrading the PRC's manufacturing sector.² The Made in China 2025 strategy is based on the following priorities:

- Improve national manufacturing innovation capabilities
- Promote the deep integration of informatization and industrialization
- Strengthen basic industrial capabilities
- Strengthen quality brand building
- Fully implement green manufacturing
- Promote breakthrough development in key fields such as new generation technologies
- Promote structural adjustments to the manufacturing industry
- Develop service-oriented manufacturing and producer services
- Improve the level of internationalized development of the manufacturing industry

2. Digital (Development) Strategy

China issued the Development Plan for the Big Data Industry during the 14th Five-Year Plan (2021) to facilitate the improvement of their development quality through digitization, networking and intellectualization.³ The plan aims to:

- Accelerate the cultivation of the data factor of production market
- Give full play to the advantages of big data
- Consolidate the foundation for industrial development
- Build a stable and efficient production chain

3. Main constitutional provisions

¹ Wei Jigang, 'China's Industrial Policy: Evolution and Experience' South-South Integration and the SDGs: Enhancing Structural Transformation in Key Partner Countries of the Belt and Road Initiatives. UNCTAD/BRI Project/ ECIDC Paper 11 (June 2020) <https://unctad.org/system/files/official-document/BRI-Project_RP11_en.pdf> accessed 10 February 2025.

² PRC State Council, Notice of the State Council on the Publication of "Made in China 2025" (19 May 2015)<http://www.gov.cn/zhengce/content/2015-05/19/content_9784.htm> accessed 10 February 2025.

³ PRC Ministry of Industry and Information Technology, *14th Five-Year Plan for the Development of the Big Data Industry* (30 November 2021) <https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2021/art_c4a16fae377f47519036b26b474123cb.html> accessed 10 February 2025.

No main constitutional provisions.

4. *Main Regulatory provisions and Policy developments*

- PRC's new Foreign Investment Law came into effect in 2020. It is formulated on the basis of the Constitution to further expand the scope of opening-up, to actively promote foreign investment, to protect the lawful rights and interests of foreign investment, to standardize the regulation of foreign investment, to make new grounds in opening up on all fronts, and to promote the healthy development of the socialist market economy. Article 6 of the law provides that 'Foreign investors and foreign-invested enterprises that engage in investment activities in mainland China shall abide by Chinese laws and regulations and must not endanger China's national security or harm the public interests.' Article 14 provides that 'Based on the needs of national economic and social development, the State encourages and guides foreign investors to invest in certain industries, fields, or regions. Foreign investors or foreign-invested enterprises may enjoy preferential treatment in accordance with the provisions of laws, administrative regulations, or the State Council.'
- On December 19, 2020, China's National Development and Reform Commission and Ministry of Commerce jointly issued the Measures on Security Review of Foreign Investment.
- In September 2024, China's National Development and Reform Commission (NDRC) and Ministry of Commerce jointly issued the 2024 "negative list" for foreign investment access.
- In its most recent World Trade Organization, Trade Policy Review (2024), China reports that it believes that industrial subsidies are important policy tools for developing Members to achieve the United Nations Sustainable Development Goals and the overall objectives of the WTO in promoting inclusive development and raising living standards. It has stated that in order to better leverage the role of subsidies in promoting development, China is open to discussions on this issue under the WTO framework. At the same time, China states that the directions, objectives, formats and terms of reference of such discussions should be clearly defined to prevent generalized and macro discussions of state intervention or industrial policies. China also has stated in its report that such discussions on subsidies shall by no means touch upon the economic systems and development models of Members.
- In October 2021, the PRC Ministry of Commerce issued the "14th Five-Year (2021-2025) Plan for the Utilization of Foreign Capital."
- In June 2023, the State Council published an official document titled Notice Regarding the Implementation of Several Measures to Promote Institutionalized Opening-Up of Qualified Free Trade Pilot Zones and Free Trade Port in Accordance with International High Standards (intending to implement a range of international trade regulations within six of China's 21 free trade zones and

free trade port. The six zones are Shanghai, Guangdong, Tianjin, Fujian, Beijing, and Hainan. These zones have adopted industrial policy related measures. For example, in May 2024, the provincial Government of Guangdong announced a new policy to attract FDI, offering rewards of up to approximately \$21 million to eligible foreign investment enterprises especially high-tech manufacturing enterprises.

- In December 2024, the PRC measures to tighten controls on the export of relevant dual-use technologies to the US.

5. ***(Regional) economic treaties to which the state is a signatory***

In September 2021, PRC notified its request to commence negotiations to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. China has signed several Free Trade Agreements.

6. ***Plurilaterals***

PRC has not yet acceded to the Revised Agreement on Government Procurement.

7. ***Proceedings initiated against the state, or by it, before international fora for the adoption/implementation of industrial policy measures (e.g., before WTO panels, the WTO's AB)***

Since joining the WTO in 2001, China has been an active user of the WTO DSU. It has been a complainant in 28 cases and respondent in 50 cases while participating as a third party in 197 cases. Several of these disputes including disputes against the United States and the European Union are closely linked to the adoption and implementation of industrial policies. For example, in *DS630: European Union — Definitive Countervailing Duties on New Battery Electric Vehicles from China*, China is challenging countervailing duties imposed by the European Union on new battery electric vehicles from China. In the pending dispute *United States — Measures on Certain Semiconductor and other Products, and Related Services and Technologies*, China is challenging US export controls relating to semiconductors.

As a home state, in the last few years disputes have been instituted at ICSID by Chinese foreign investors to challenge national-security related measures.