China:
New measures announced on FTZs and pilot reforms

China’s State Council announced the following initiatives on 12 December 2014:

- To further reduce the number of items in the “negative list” that applies to foreign-invested entities engaging in business in the China (Shanghai) Pilot Free Trade Zone (FTZ). The negative list sets out the industries and activities for which foreign investment is restricted or prohibited. More restrictions will be lifted in the service and high-end manufacturing sectors, and certain relaxations will be extended to the entire Pudong New Area of Shanghai;
- To establish three new FTZs in Guangdong, Tianjin and Fujian, based on the existing special zones in these areas. The rules in the new FTZs are expected to be similar to those in the China (Shanghai) Pilot FTZ, but also may contain some pilot aspects that reflect the features of the specific region; and
- To roll out nationwide 28 pilot measures on investment, trading, finance and the opening up of service sectors, as well as six pilot measures applicable to Customs and inspections/quarantines in special Customs areas.

It generally is anticipated that the new FTZs in Guangdong and Fujian will be aimed at promoting economic cooperation between Mainland China and Hong Kong, Macau and Taiwan and that the new FTZ in Tianjin will focus on key industries, such as high-end manufacturing, financial services and logistics and transportation.

The government has not yet announced when the initiatives will be launched.

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