

## Establishment of road transport enterprise with foreign investment

According to the Provisions on the Administration of Road Transport Services with Foreign Investment (Nov. 20, 2001) by the Ministry of Communications and the Ministry of Foreign Trade and Economic Corporation, and Notice of the Ministry of Communications on Further Opening the Investment Field of Road Transport to Foreign Investors (Nov.28, 2002) by Ministry of Communications, road transport industry includes road passengers transport, road goods transport, road goods portage and loading and unloading, road goods storage and other supplementary services and vehicle maintenance relating to road transport. Chinese and Foreign investors road transport enterprises with foreign investment to be established shall invest with free assets. Chinese cooperators shall have 3-year experience in road transport industry; if they are engaged in goods transport, they shall have 20 vehicle and fixed facilities.

Procedures for establishment of road transport enterprises with foreign investment are as follows:

I. The Chinese investors or authorized representatives of the foreign investor should apply to industrial and commercial administrations for the registration of pre-approval of enterprise name and get the pre-approval notification.

II. Applicants shall apply to Shanghai Municipal Urban Communications Administration Bureau for the setting-up of the project and submit the following materials for the application:

1. Application for project listing including the content of the total investment, registered capital, and business scope, scale and period;
2. Project proposal;
3. Legal certificate and certificate of credibility of the investors;
4. Valid certificate of the capital evaluation of invested land, facilities or equipments;
5. Other documents and materials required by the approval organs

If a Chinese-Foreign equity joint venture or Chinese-Foreign contractual joint venture is to be established, Letter of Intent should be submitted and documents in foreign languages should be accompanied by Translated Chinese Version.

Shanghai urban communications bureau shall, within 15 working days from the day of receiving the materials submitted, give the opinions of review in accordance with the Provisions on the Administration of Road Transport Services with Foreign Investment, and submit the opinions of review and the application materials to the Ministry of Communication for approval. The Ministry of Communication shall give examine the materials and issue approval for project setting-up to the qualified applicants within 30 days from the day of receiving the application.

III. Chinese investors shall, holding the approval and relevant materials, with 30 working days, apply to Shanghai Foreign Investment Committee for the Certificate of Approval for the Establishment of Enterprise with Foreign Investment, and submit the following materials:

1. Application form of establishing a foreign-funded road transportation enterprise;
2. Approval of project listing by the Ministry of Communication;

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3. Feasibility study report;
4. The contract and articles of association (Enterprises with 100% foreign investment only have to submit the articles of association)
5. The list of the board members and main directors of the enterprise and their resume;
6. Approval notification of the name of the enterprise to be established by Industrial and Commercial Department;
7. Legal certificates and bank certificate of credibility by related organs of the country of investors;
8. Other documents and materials required by the approval department

Upon receiving the materials, Shanghai Foreign Investment Committee shall examine and approve the project with total investment of no more than \$100 million, and issue the Certificate of Approval for the Establishment of Enterprise with Foreign Investment to the qualified appliers

For the projects with total investment of more than \$100 million, Shanghai Foreign Investment Committee shall conduct the pre-approval and then submit the application to the Ministry of Commerce. The Ministry of Commerce shall, after receiving the application materials, make the written decision within 45 days, and issue the Certificate of Approval for the Establishment of Enterprise with Foreign Investment to the qualified appliers.

Chinese investors shall, with 30 days from the day of receiving the, holding the Certificate of Approval for the Establishment of Enterprise with Foreign Investment, apply for the road transportation license to Shanghai Municipal Urban Communications Administration Bureau, and go the formalities of industrial and commercial registration. It is only after the registration that the enterprise can engage in road transport service or activities according to the approved business scope. If the enterprise fails to get the industrial and commercial registration within 18 months from the day of receiving the certificate of project listing, the certificate of approval for the project listing will be invalid.

IV. Chinese investors shall submit the copies of the business license, Certificate of Approval for the Establishment of Enterprise with Foreign Investment, and road transportation license to the Ministry of Communication for filing.

The duration of operation of business for road transport enterprises with foreign investment shall be no longer than 12 years, but it can be 20 years for the enterprises with more than 50% of the total amount of capital used in construction of infrastructures of passengers and goods transport. It's allowed to extend the operation period after the examination and approval of the original examination and approval authority, but the extending period is no more than 20 years for each time. Materials for application are as follows:

1. Application form for the change the operation period
2. decision of change the operation period by board of directors
3. The contract and articles of association
4. finance audit report of last year
5. certificate of approval and business license (copy)
6. The list of the board members and main directors of the enterprise and their resumes;

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7. capital evaluation report
8. Other documents and materials required by the approval department.



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**China Business Engine**  
Tel +86 21 52289730  
Fax +86 21 5228-9730

**Website**  
China site: [www.cbize.com](http://www.cbize.com)  
Globe site: [www.cbize.net](http://www.cbize.net)