

Administration of the Examination, Approval and Registration of Foreign-invested Crop Seed Enterprises

Promulgated by the Ministry of Agriculture, State Planning Commission, MOFTEC and State Administration for Industry and Commerce on and effective as of, 8 September 1997.

Article 1 These Provisions are hereby formulated with a view to meeting the needs of the open-door policy, guaranteeing the quality of foreign-invested crop seed enterprises, strengthening the management of germplasm resources, and promoting the sound development of the PRC seed industry.

Article 2 "Foreign-invested crop seed enterprise", as used herein, shall refer to a Sino-foreign equity joint venture or a Sino-foreign co-operative joint venture to develop, produce and engage in the sale of crop seeds. For the time being, the establishment of foreign-invested enterprises to deal in and sell crop seeds or wholly foreign-owned crop seed enterprises is not permitted.

Article 3 The establishment of the foreign-invested crop seed enterprise shall comply with laws and regulations relating to foreign investment and seed management.

Article 4 In addition to meeting the conditions stipulated in relevant laws and regulations and PRC seed industry policies, the establishment of a foreign-invested crop seed enterprise shall be subject to the following requirements:

1. The PRC party to the proposed foreign-invested crop seed enterprise shall be an enterprise that is qualified to produce and deal in crop seeds and has obtained approval for its participation in the proposed foreign-invested crop seed enterprise from its department in charge; and, the foreign party shall be an enterprise of a good reputation that possesses a relatively high level of scientific seed breeding, and seed production technology and enterprise management.

2. The enterprise shall be capable of introducing or adopting superior varieties (germplasm resources), advanced seed technology and equipment from abroad.

3. The registered capital shall meet the following requirements:

The registered capital of grain, cotton and oil crop seed enterprises shall not be less than US\$2,000,000; the registered capital of other crop seed enterprises shall not be less than US\$500,000.

4. When establishing grain, cotton or oil crop seed enterprises, the investment contributed by the PRC party shall exceed 50%.

Article 5 An application for establishment of a foreign-invested crop seed enterprise shall be made as follows:

1. The PRC investor shall submit the project proposal and the feasibility study report for examination and approval by the relevant examination and approval authority at or above the provincial level in accordance with current examination and approval authority limits and

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procedures for foreign investment projects in capital construction and technological renovation. The examination and approval authority shall seek the opinion of the authority in charge of agricultural administration at or above the provincial level before approving the project proposal. In case of an application for the establishment of a grain, cotton or oil crop seed enterprise, after preliminary examination by the provincial authority in charge of agricultural administration, the application shall be submitted to the Ministry of Agriculture for an examination opinion. Project proposals may not be established without the consent, after examination, of the authority in charge of agricultural administration. Where the project proposal has been approved, application shall be made to the administration authority for industry and commerce for preliminary approval of the enterprise name.

2. The PRC investor shall submit the contract, articles of association and related documents for examination and approval to the relevant examination and approval authority at or above the provincial level in accordance with current examination and approval authority limits and procedures. Upon approval, a Foreign Investment Enterprise Approval Certificate shall be issued by the examination and approval authority.

3. The PRC investor shall carry out application procedures to obtain a business permit at the Ministry of Agriculture. The Ministry of Agriculture shall issue a Crop Seed Business Permit in accordance with relevant regulations.

4. The PRC investor shall carry out application procedures for enterprise legal person registration at the State Administration for Industry and Commerce or the local administration authority for industry and commerce authorized thereby on the strength of documents approving the project proposal and the feasibility study report, the Foreign Investment Enterprise Approval Certificate, the Crop Seed Business Permit, and related documents.

Article 6 To apply for the Crop Seed Business Permit, the PRC investor shall submit the following to the Ministry of Agriculture:

1. the project proposal and feasibility study report approval documents;
2. the contract and articles of association for the establishment of the foreign-invested crop seed enterprise;
3. the contract and articles of association approval documents and the Foreign Investment Enterprise Approval Certificate issued by the examination and approval authority;
4. the list of the members on the Board of Directors of the foreign-invested crop seed enterprise and each party's instruments of appointment for such directors; and
5. other certificates and documents that should be submitted.

Article 7 For commercial production of seeds, a foreign-invested crop seed enterprise shall apply to the provincial authority in charge of agricultural administration of the place where the production site is located for a Crop Seed Business Permit one month prior to sowing, in accordance with relevant regulations.

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Article 8 In the event of any change in the investors to an equity or co-operative foreign invested crop seed enterprise or to the enterprise's scope of development, application for approval and registration of the change shall be made in accordance with the procedures stipulated in Article 5 hereof.

Article 9 The establishment of foreign-invested crop seed enterprises by investors from Taiwan, Hong Kong or Macao shall be carried out with reference to these Provisions.

Article 10 These Provisions shall be effective as of the date of promulgation. Any foreign-invested crop seed enterprise established prior to the promulgation of these Provisions shall make a remedial application to the authority in charge of agricultural administration for a Crop Seed Business Permit within six (6) months of the date of promulgation of these Provisions.



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