

November 23, 2022

## 1. Covid-19: Covid-19 Curbs Further Eased in China

On Chinese shopping festival of the year (November 11), 20 measures were released to ease the Covid-19 curbs, among which we summarize the following for an update:

(1) Rules for overseas travelers:

| Before arrival   | After arrival  |
|--|--|
| One nucleic acid tests taken with 48 hours before departure <sup>1</sup> | 5-day centralized quarantine <sup>2</sup> + 3-day home quarantine <sup>3</sup> |

(2) Travelers from high risk areas in China: 7-day home quarantine<sup>4</sup>

(3) Adjusting risk areas into two - high and low categories - by removing medium risk areas, high risk areas shall only be limited to a certain building unit/should not be expanded arbitrarily, and high risk areas shall immediately be lifted if no new cases are detected for five consecutive days

(4) Quarantine for close contacts of those infected: 5-day centralized quarantine + 3-day home quarantine<sup>5</sup>

(5) No longer tracing secondary contacts (close contacts of close contacts of those infected)

(6) Removal of the “circuit breaker” mechanism for international flights<sup>6</sup>

([http://www.gov.cn/xinwen/2022-11/11/content\\_5726122.htm](http://www.gov.cn/xinwen/2022-11/11/content_5726122.htm))

1. Previously 2 tests shall be taken in recognized organizations. For people living in France, see the list of recognized organizations: [http://fr.china-embassy.gov.cn/zgzfg/zgsg/lsb/202206/t20220609\\_10701017.htm](http://fr.china-embassy.gov.cn/zgzfg/zgsg/lsb/202206/t20220609_10701017.htm)
2. Previously it is 7-day centralized quarantine + 3-day home health monitoring. You do not need to book any living place in advance. If the destination is Beijing, the centralized quarantine is not in hotel but a special community at remote areas of Beijing.
3. For the 3-day home quarantine, you need to obtain approval from the community first. Normally for foreign travelers, they will conduct a 8-day hotel quarantine.
4. Previously it is 7-day centralized quarantine.
5. Previously it is 7-day centralized quarantine + 3-day home health monitoring.
6. Circuit Breaker bans flight routes if any international flights carry certain COVID-19 cases.

## 2. FDI: Catalogue of Industries for Encouraged Foreign Investment 2022 Released

The National Development and Reform Commission and the Ministry of Commerce issued on October 28, 2022 the Catalogue of Industries for Encouraged Foreign Investment (2022 Edition), to be effective on January 1, 2023.

The Catalogue contains both (1) National Catalogue as well as (2) Catalogue for Central, Western, Northeastern regions (“Western Catalogue”).<sup>1</sup> Foreign investors who invest in the fields in Catalogue can enjoy **tariff exemption for imported self-use equipment** within the total investment amount if they meet the conditions. Also, foreign-funded enterprises set up in the encouraged industries in Western Catalogue can be levied a reduced enterprise income tax rate of **15%**.

Compared to previous 2020 edition, wider access will be granted to foreign investors and the specific changes on number of items in the 2022 Edition are as follows:

|                    | Number of new items | Number of amended items |
|--------------------|---------------------|-------------------------|
| National Catalogue | 39                  | 85                      |
| Western Catalogue  | 200                 | 82                      |

Regarding new encouraged industries for potential foreign investors, below are some examples in the 2022 Edition for a reference:

|                          |  |
|--------------------------|--|
| Sports industry          | Intelligent sports products  |
| Elder care industry      | Education provided to the elderly  |
| Instrument manufacturing | Glow discharge mass spectrometer and transmission electron microscopy.   |
| Green energy             | Industrial water-saving technology, research and development, and application and related equipment manufacturing. |

([https://www.ndrc.gov.cn/xxgk/zcfb/fzggwl/202210/t20221028\\_1339662.html?code=&state=123](https://www.ndrc.gov.cn/xxgk/zcfb/fzggwl/202210/t20221028_1339662.html?code=&state=123))

1. It also applies to Hainan province.

## 3. Case: Product Quality Law: DECATHLON Shanghai Fined RMB 50,000 for its unqualified products

On October 9, 2022, DECATHLON Shanghai, a wholly owned subsidiary of DECATHLON Europe was fined for RMB 50,000 because it produced unqualified treadmill.

In the past three years, DECATHLON Shanghai has been fined due to violation of Product Quality Law of the PRC (the “Product Quality Law”) for several times and the total amount is nearly RMB 350,000.<sup>1</sup> The concrete violations include: production of unqualified treadmill, athletic shoes, footballs etc., which constituted a violation of relevant national and industry standards such as the standard concerning stationary training equipment (GB17498.1-2008), children’s athletic shoes (QB/T4331-2021) etc. It is thus advised that foreign investors shall pay special attention to the compliance of Product Quality Law. The principal legal basis for DECATHLON Shanghai’s fine are as follows:

### - Products not in compliance with health/safety standards

If the products of a producer or seller do not comply with the national or industry standards for protection of health or personal safety or the safety of property, orders shall be issued to **cease their production or sale**. Illegal income and products that have been illegally produced or sold shall be **confiscated**. A **fine** shall be imposed equal to an amount up to **3 times** the value of the products that have been illegally produced or sold (including products already sold and goods not yet sold). Where the circumstances are serious, the **business license shall be revoked** and a **criminal liability** may be pursued.<sup>2</sup>

### - Fake/Unqualified products

If a producer or seller mixes improper elements with the products, adulterates the products, uses fake products as genuine products, uses products of poor quality as high quality products or uses substandard products as products which are up to standard, production or sale of such products shall be ordered to be **terminated**. Illegal income and products illegally produced or sold shall be **confiscated**. A **fine** shall be imposed equal to an amount up to **3 times** the value of the products that have been illegally produced or sold. Where the circumstances are serious, the **business license shall be revoked** and a **criminal liability** may be pursued.<sup>3</sup>

(<http://fw.scjgj.sh.gov.cn/shaic/punish!detail.action?uuid=2c9bf29c8384989a0183e8535af92441>)

Should you need to know more details, please reach us at [asiallians@asiallians.com](mailto:asiallians@asiallians.com).

1. Administrative penalty No: 沪市监浦处 (2022) 152021001639号、(2022) 152022000773号、(2021) 152021001532号、(2020) 第152020000702号、(2019) 第152019002206号、(2019) 第152018012916号、(2019) 第152018012335号)
2. Article 49 of the Product Quality Law.
3. Article 50 of the Product Quality Law.

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