



China's negative lists suggest foreign-owned academic vocational training institutions in FTZs may be possible

(Information as at 6 July 2020)

On 23 June 2020, the Chinese National Development and Reform Commission (NDRC) and Ministry of Commerce (MOFCOM) jointly published the Special Administrative Measures on Access to Foreign Investment (Negative List) (2020 edition)¹ and the Pilot Free Trade Zone Special Administrative Measures on Access to Foreign Investment (Negative List) (2020 edition)². Both lists will take effect from 23 July 2020.

China's foreign investment 'negative list' refers to a list of prohibited or restricted industries for foreign investment. The Chinese Government has been gradually reducing the number of restricted areas in recent years as a part of its commitment to the further "opening up" of China's markets to international trade and investment.

¹ People's Republic of China, National Development and Reform Commission, "外商投资准入特别管理措施 (负面清单)(2020 年版) (unofficial translation: Special Administrative Measures on Access to Foreign Investment (2020 edition) ("2020 Negative list"), 23 June 2020, <https://www.ndrc.gov.cn/xxgk/zcfb/fzggwl/202006/P020200624549035288187.pdf> ; See unofficial English translation of the document by Asiapedia: <https://www.dezshira.com/library/legal/special-administrative-measures-access-foreign-investment-2020-edition-national-negative-list.html?1593598930>

² People's Republic of China, National Development and Reform Commission, "自由贸易试验区外商投资准入特别管理措施 (负面清单)(2020 年版) (unofficial translation: Free Trade Zone Special Administrative Measures on Access to Foreign Investment (2020 edition) ("2020 FTZ Negative list"), 23 June 2020, <https://www.ndrc.gov.cn/xxgk/zcfb/fzggwl/202006/P020200624549079806436.pdf> ; See unofficial English translation of the document by Asiapedia: <https://www.dezshira.com/library/legal/FTZ-free-trade-zone-special-administrative-measures-foreign-investment-2020-national-negative-list.html?1593599181>

A notable change in this year's negative list for pilot Free Trade Zones (FTZs) is that foreign academic vocational education institutions are explicitly excluded from the broad prohibition on foreign education providers independently setting up institutions that mainly enroll Chinese citizens. This suggests foreign VET institutions will be allowed to independently (i.e. without a Chinese partner) set up institutions to deliver academic vocational education and training in FTZs as the measures are implemented from July 2020.

In the 2019 negative list for pilot FTZs, the only exception to this prohibition was for non-academic vocational institutions (such as those providing corporate training and other non-award courses, the first of which was set up by PricewaterhouseCoopers in the Shanghai pilot FTZ in 2017³). The 2020 negative list extends this exception to academic vocational institutions.

This shift aligns with some of China's recent development agendas including the master plan published by the Central Committee of the Communist Party of China and the State Council on 1 June 2020 to develop Hainan Province into a Free Trade Port (FTP). ⁴The long-term plan states that high-level (usually referring to well-ranked universities) overseas universities and vocational colleges in agriculture, medicine and medical sciences will be allowed to independently run institutes in Hainan and set up international schools. In addition, the plan encourages key Chinese higher institutions to invite foreign counterparts to set up joint institutes with independent legal entity status in Hainan.

Pilot FTZs were first announced in 2013 to be used as a testing ground for new policies and reforms aimed at boosting international trade. A range of policies have been implemented in pilot FTZs to attract foreign businesses and professionals such as streamlined approval processes and tax benefits.

As of July 2020, China has set up pilot FTZs in eighteen provinces:

September 2013: Shanghai

April 2015: Guangdong, Tianjin, Fujian

March 2017: Liaoning, Zhejiang, Henan, Hubei, Chongqing, Sichuan, Shaanxi

April 2018: Hainan (entire province)

August 2019: Shandong, Jiangsu, Guangxi, Hebei, Yunnan, Heilongjiang

For further enquiries, please contact the [Education and Research Section](#) of the Australian Embassy in Beijing.

³ Tang, Lan. "中国首家外商独资职业培训机构在上海自贸区开业 (China's first wholly-foreign owned vocational training agency opens in Shanghai Free Trade Zone)" Xinhua News , 12 January 2017, www.xinhuanet.com/2017-01/12/c_1120300205.htm

⁴ People's Republic of China, Central Committee of the Communist Party of China and the State Council of China, "中共中央 国务院印发海南自由贸易港建设总体方案) (unofficial translation:

The Central Committee of the Communist Party of China and the State Council issues the overall plan for the construction of Hainan Free Trade Port), 1 June 2020, http://www.gov.cn/zhengce/2020-06/01/content_5516608.htm