

China Introduces 2025 Action Plan to Stabilize Foreign Investment

2025.02.28

On February 17, 2025, the General Office of the State Council of China released the 2025 Action Plan for Stabilizing Foreign Investment. This policy framework reinforces China's commitment to maintaining an open market for foreign investors.

1. Background

Foreign investment remains a cornerstone of China's economic modernization. However, geopolitical tensions, supply chain realignments, and evolving regulatory environments have reduced investor confidence in recent years. The 2025 Action Plan seeks to counter these trends by enhancing market access, ensuring operational consistency, and aligning with international economic standards.

2. Key Measures Under the 2025 Action Plan

2.1 Market Access Expansion - Telecommunications & Biotechnology: Expansion of pilot programs to allow greater foreign participation.

- Manufacturing: Elimination of foreign ownership caps, ensuring equal treatment with domestic firms under national policies.
- Services: Accelerated liberalization in the finance, healthcare, tourism, and professional services sectors.
- Healthcare & Pharmaceuticals: Accelerated approval processes for foreign-developed innovative drugs and establishment of predictable bulk procurement mechanisms for medical devices to stabilize market conditions.
- Agriculture: Promoting foreign investment in livestock breeding, farming equipment, and veterinary pharmaceuticals, with assurances of national treatment.

2.2 Equity Investment & M&A Facilitation

- Foreign Equity Participation:
 - Simplified guidelines for strategic investments in Chinese listed companies.
 - Prioritization of overseas institutional investors and funds.
- Onshore Financing:
 - Authorization for foreign holding companies to secure domestic loans for equity investments.
- Cross-Border M&A:
 - Revised regulations to streamline foreign acquisitions and cross-border share swaps, reducing procedural barriers.

2.3 Incentives & Regional Development

- 'Invest in China' Campaigns: Organization of roadshows, matchmaking events, and trade missions targeting high-tech and green industries.
- Regional Incentives: Provision of tax reductions, subsidies, and expedited approvals for investments in central, western, and northeastern regions.
- Reinvestment Support: Introduction of policies to encourage foreign firms to reinvest profits within China.

2.4 Operational Environment Upgrades

- Government Procurement: Implementation of transparent domestic product standards to enable equal participation by foreign firms.
- Trade Facilitation: Simplification of customs clearance processes and reduction of compliance requirements for cross-border operations.
- Intellectual Property Protection: Strengthened patent enforcement and increased penalties for infringement.

3.3.Implementation Timeline

All measures are mandated to be fully implemented by December 31, 2025, with local governments and agencies held accountable for compliance.

4.4.Outlook and Assessment

The 2025 Action Plan demonstrates China's strategic effort to attract high-quality foreign investment, especially amidst growing global competition. It responds to the increasing demands of multinational companies for enhanced transparency, fair treatment, and long-term predictability in the Chinese market. However, the success of these initiatives will largely depend on the effective implementation and enforcement by local authorities across the country.