

## **Appendix 71 – Law of the PRC on the Protection of Taiwan Compatriots' Investments (1994)**

Source: Law of the People's Republic of China on Protection of Investment by Compatriots from Taiwan, Ministry of Commerce. 1994. Available at: [http://www.fdi.gov.cn/1800000121\\_39\\_3139\\_0\\_7.html](http://www.fdi.gov.cn/1800000121_39_3139_0_7.html) (accessed 28 August 2015).

STANDING COMMITTEE OF THE NATIONAL PEOPLE'S CONGRESS  
(Adopted by the 6th Session of the Standing Committee of the 8th National People's Congress on March 5, 1994)

### Article 1

This law is enacted to protect and encourage Taiwan compatriots' investment and to promote economic development on both the mainland and Taiwan.

### Article 2

This law applies to investment made by Taiwan compatriots. For matters involving Taiwan compatriots' investment that have not been stipulated in this law but in other related State laws or administrative regulations, stipulations in the latter shall apply.

### Article 3

The State shall protect by law the investment of Taiwan investors, the returns from their investment, and their other lawful rights and interests. In making investment, Taiwan compatriots shall abide by State laws and regulations.

### Article 4

The State shall not nationalize or expropriate the investment of Taiwan investors. Under special circumstances, according to the need of public interest, the investment of Taiwan investors could be expropriated according to legal procedure with a due remuneration.

### Article 5

According to law, the invested property, industrial right, returns from investment, and other lawful rights and interests of Taiwan investors can be transferred or inherited.

### Article 6

Taiwan investors can make investment in convertible currency, machinery, equipment or other objects, or industrial right, or non-patent technology. They can re-invest the profits from their investment.

### Article 7

Taiwan investors can establish equity joint ventures, contractual joint ventures, or businesses solely funded by themselves (hereafter referred to as "Taiwan investment businesses"). They can also adopt other ways of investment provided for by laws and administrative regulations. The establishment of Taiwan investment businesses should conform to the State's industrial policies and be favorable to the development of the national economy.

#### Article 8

To establish a Taiwan investment business, the investor should apply to the department or local people's government as designated by the State Council. The approval office shall approve or disapprove the application within 45 days beginning from the day it receives all the application documents.

The applicant should, within 30 days, go to the business registration office to get registered and obtain a business license beginning from the day he/she receives the approval certificate.

#### Article 9

Taiwan investment businesses should operate and manage according to laws and administrative regulations, as well as to the contracts and articles of association approved by the approval office. The businesses shall have full self-decision power for operation and management without any interference.

#### Article 10

In areas where Taiwan investment businesses are concentrated, associations of Taiwan investment businesses can be organized according to law, whose lawful rights and interests shall be protected by law.

#### Article 11

Profits from investment, other lawful income and funds gained by Taiwan investors, can be repatriated to Taiwan or other places beyond the mainland after clearance.

#### Article 12

Taiwan investors can entrust relatives or friends as their agents.

#### Article 13

Taiwan investment businesses shall enjoy preferential treatments according to related provisions of the State Council that encourage Taiwan compatriots to make investment.

#### Article 14

If disputes arise between Taiwan investors and companies, businesses, other economic organizations, or individuals in other provinces, autonomous regions, or municipalities directly under the Central Government, the parties concerned can resolve their disputes through consultation or mediation.

If the parties concerned refuse consultation or mediation, or if the consultation or mediation fails, they can submit the issue to the arbitral authority according to the arbitration clause in the contract or to written arbitral agreements if any.

If there are neither any arbitration clauses laid down in the contract nor a written arbitral agreement reached, they can bring the matter before the people's court.

#### Article 15

This law shall take effect on the day it is promulgated.