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Fewer hurdles for Chinese outbound investments

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The need to obtain government approvals often sets Chinese investors back when making outbound investments. New regulations aim to simplify the approval procedure, and this will change the dynamics in deals involving Chinese investors.

A Chinese company making an investment outside China will typically need to obtain approvals from three governmental authorities:

- the National Development and Reform Commission (NDRC)
- the Ministry of Commerce (MOFCOM)
- the State Administration of Foreign Exchange (SAFE)

State-owned enterprises (SOEs) may also need to obtain the approval of the State-Owned Assets Supervision and Administration Commission (SASAC). In addition, investment in specific industries may require the approval of specific regulators.

On 2 December 2013, the State Council issued a new version of its *Catalogue of Investment Project subject to Government Approvals*. The Catalogue provides that going forward, only investments of USD 1 billion or more, or investments that involve sensitive industries, still require verification by Chinese governmental authorities. Other outbound investments only require filing.

This is a potentially significant simplification of the approval procedure, which will influence the dynamics of Chinese investors as buyers or bidders. Application of the Catalogue, however, requires implementation measures from the authorities. These measures are being drafted at the time of writing of this article. We will publish more information as soon as it becomes available.