

# Joint Ventures

## *Summary of JV Law of the People's Republic of China*

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- First made law in 1979; revised in 1990 and 2001.
- 15 Articles (full text available at government site: [www.china.org.cn](http://www.china.org.cn))
- Main points:
  - Foreign company must contribute at least 25% of capital.
  - If debt + equity = \$10 million to \$30 million: 40% of foreign party's investment must be equity.
  - If debt + equity = \$30 million+: 33% of foreign party's investment must be equity.
  - Government is restricted from nationalizing JVs in most cases.
  - Once established, JV is considered a Chinese legal entity: Can hire staff and build facilities with limited government intervention.