

China's New Exit-Entry Administration Law

October 18, 2012.

On June 30th, 2012, the National People's Congress Standing Committee of People's Republic of China issued the new Exit-Entry Administration Law (hereinafter referred to as the "New Law") which is applicable to exit-entry of both Chinese nationals and foreign nationals and shall come into effect on July 1st, 2013.

Key Points

The New Law strengthens the enforcement over foreign nationals' entry, employment and residence in China. Its key points are as follows:

- The New Law imposes harsher penalties on illegal entry, residence or employment of foreign nationals. For instance, monetary penalties will be imposed heavily on employers for illegally employing foreign nationals and the relevant income received by illegally employed foreign nationals will be confiscated.
- The New Law adds a sub-category of visa called "talent introduction" into the "ordinary visa" category in order to attract highly talented foreign individuals to work and live in China.
- The New Law draws a distinction between stay and residence. The longest duration of stay for qualified foreigners is no more than 180 days while the longest duration of residence for qualified foreigners is 5 years.
- The New Law allows foreign nationals who have outstanding contributions to China's economic and social development or meet the existing permanent residence requirement to apply for permanent residence qualification.
- The New Law establishes an information sharing platform and increases transparency. As at present, the Ministry of Public Security, the Ministry of Foreign Affairs and other relevant departments have their respective information systems of exit-entry management.
- The New Law emphasizes the equal importance of service and management. The relevant enforcement department shall take practical measures to improve their management as well as their service.

General Comment:

In view of the increase in population of foreigners in China in recent years, the issues of illegal employment, illegal entry and overstay have been a huge concern in China especially in major cities like Beijing and Shanghai. The stricter regulatory framework

UB & Co Limited

of the New Law creates harsher punishments to prevent immigration law violations in China.

However, there are still uncertainties in the New Law. It is expected that relevant implementation rules and further details would be developed and released by various competent authorities accordingly.