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## New rule to regulate firms on foreign contracts

Chinese companies will face fines of up to 1 million yuan (\$146,000) if they undertake contracts abroad without official approval, under a new regulation issued on Monday.

The regulation from the State Council, the Cabinet, was signed by Premier Wen Jiabao and sets out fines of 500,000 to 1 million yuan for firms that fail to obtain "international contractor" qualifications.

"Besides safeguarding China's national interests and protecting the legitimate rights of the employees sent abroad, China's international contractors should also comply with the laws in the host nations or regions," says the regulation, which takes effect on September 1.

It stresses the importance of respecting local customs, protecting regional environment and helping develop local economies.

Centrally-administered state-owned enterprises should apply to national commerce departments for qualification assessment, and other firms should apply to their local commerce departments.

The commerce authorities would formulate a risk analysis appraisal system to track and warn Chinese contractors against any dangers and risks in the countries or regions where they operate.

The contractors must sign labour contracts with employees sent abroad, and provide reasonable working conditions, payments and accident insurance.

The regulation also prohibits contractors from securing international projects through corruption or other illegal practices.

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