

# China to review foreign M&A

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**(Xinhua)**

BEIJING - A new regulation issued by China's Ministry of Commerce (MOC) on Friday states that the government will review mergers and acquisitions of domestic companies by foreign investors for national security purposes.

If any mergers and acquisitions involving foreign investors are determined to be a threat to national security, those deals should be terminated, according to the regulation.

In addition, any past mergers and acquisitions of domestic companies by foreign investors that are found to have threatened national security will be terminated. As an alternative, the MOC may "take relevant measures such as equity and asset transfers or other methods to eliminate their (mergers and acquisitions) influence on national security," according to the regulation.

The regulation will take effect from Sept 1 of this year, the ministry said.

According to a circular concerning the review system, which was issued in February by the general office of the State Council, or China's cabinet, the review process will involve foreign mergers and acquisitions of domestic military-industrial enterprises and supporting firms, companies near "major and sensitive military facilities" and other mergers and acquisitions that are deemed to be relevant to national security.

Reviews will be also needed for foreign mergers and acquisitions of domestic enterprises operating in security-related sectors that may be controlled by foreign investors after being acquired, such as agriculture, energy and resources, infrastructure and transportation.

Government departments under the State Council, national industry associations, competitors, suppliers and other related parties may apply for reviews, according to the regulation.

The State Council announced on Feb 12 that it would create a mechanism for overseeing foreign mergers and acquisitions of domestic firms. A ministerial joint committee will be established for this purpose, according to the commerce ministry.