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## PRESS RELEASE

### China Removes Its Local Content Requirement for Wind Equipment

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On December 25, 2009, the National Development and Reform Commission (“NDRC”) promulgated a circular (NDRC Energy [2009] No. 2991) that removed its requirement that all wind farm projects in China must use at least 70 percent domestically manufactured wind equipment. According to the circular, wind farm projects must purchase wind equipment through public bidding, starting from the date of the circular.

Local content requirements for wind equipment had been in place in China for over a decade. The NDRC established 40 percent and 50 percent requirement levels in 1995 and 2003, respectively, and increased that figure to 70 percent in 2005. These requirements aimed to protect and encourage the growth of local wind turbine manufacturers in their initial developmental stages.

The removal of the local content requirement may be important for foreign wind turbine manufacturing companies with superior technology and know-how that want to enter the Chinese wind energy industry. This is because although the domestic wind manufacturing sector has significantly progressed over the last few years, there is still an insufficient number of manufacturers that have the capabilities needed to produce larger capacity whole wind turbines (2MW and above) and key components. The removal of the local content requirement allows more foreign competition in the domestic wind energy market and may promote the market’s development towards more advanced, higher capacity and better quality wind turbines.

Lehman, Lee & Xu is a prominent Chinese corporate law firm and trademark and patent agency with offices in Beijing, Shanghai, Shenzhen, Hong Kong, Macau, and Mongolia. The firm has been recognized as one of the top trademark firms in China by several intellectual property magazines and is managed by Mr. Edward Lehman, a leading expert on corporate law with 20 years of practice experience in Mainland China.

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