



June 4, 2015

Legislative Affairs Commission  
Standing Committee of the National People's Congress  
No. 1 Qianmen West Road  
Xicheng District  
Beijing 100805

Re: Non-Mainland Non-Government Organizations Management Law Second Review Draft

Dear Commissioners:

On behalf of the Council on Foundations, I am responding to your open invitation to the public to submit comments regarding the draft Law of the People's Republic of China on Non-Mainland Non-Government Organizations Management. Thank you for the opportunity to communicate directly with you about how the proposed law may affect the work of our member institutions and offer a few comments. We understand that one purpose of the law is to provide a clear path to registration for non-mainland non-profit organizations. We applaud this goal. Many countries, including the United States, regulate non-profit organizations and are interested in tracking foreign investments. However, we believe certain clarifications would be helpful and would promote the sort of philanthropic activities that have been of benefit to China over the years. It is from that perspective, the continued collaboration of the non-mainland philanthropic sector and China, that we offer the following overview of the legislation and the attached list of more specific concerns about potential impacts of the draft.

The Council on Foundations is a non-profit leadership association of grant-making foundations and corporations, based in Washington, D.C., that promotes professional standards in philanthropy and advances a culture of charitable giving in the United States and globally. Many of our nearly 1,500 member foundations and other grant-making institutions have made grants directly to Chinese organizations or to international organizations that work in China. The Council and individual members have also partnered with Chinese philanthropies to discuss issues of shared interest such as how to make philanthropy more effective and build public trust. We have a long record of assisting the U.S. Congress in crafting legislation regarding non-governmental organizations, and we have met with visiting delegations of officials from many countries, including China, over the years regarding matters of common concern. More information about the Council can be found at <http://www.cof.org/content/about-council>.

Our members have a long and beneficial relationship of grantmaking to Chinese organizations. Over the past 10 years, according to Foundation Center data on cross-border giving, 160 foreign foundations have made more than 5,000 grants to Chinese organizations. The majority of these grantmakers are U.S. organizations who are members of the Council on Foundations. These philanthropic dollars flowing into China have funded many important areas such as medical research at colleges and universities, community economic

development, support for Chinese art and culture, environmental activities, and increased employment opportunities for the Chinese workforce. Many of these grant dollars have also facilitated beneficial partnerships with Chinese non-profit organizations, for-profit industries, and government. The breadth of the work supported by foreign funders in China means that a very large portion of international exchanges and contacts will fall within the scope of this law. We have studied the draft law closely and are concerned that, if enacted in its current form, it could significantly reduce the positive impacts of philanthropic gifts and investments in China. It may also hinder the amount and quality of people-to-people exchanges between China and the rest of the world. This is particularly true for U.S. non-profit institutions like foundations, as well as universities and other academic institutions. This could have the unwanted effect of reducing China's voice in cultural, scientific and other non-governmental circles in the U.S. and the world more generally, as well as cutting off opportunities for the rest of the world to learn more about China.

China's economic growth and social development over the past 40 years have confirmed the wisdom of opening up to exchanges with the world in all areas of human endeavor, from trade and investment to law, culture, science, sports, and philanthropy. The mutual understanding engendered by such exchanges has helped all sides to manage and reduce tensions when disputes have occurred from time to time over trade and other issues. People-to-people relations are the shock absorbers of international relations, a valuable asset even apart from the technical knowledge that can be shared through such exchanges. Reducing such exchanges would leave the world more vulnerable to conflict.

The Council has often served as a facilitator of discussions around philanthropy. We have also had the honor of hosting many delegations from Chinese government, legislative, academic and other groups interested in philanthropic and nonprofit law and practice. We are concerned that this law could reduce these kinds of exchanges on philanthropy between our two countries, which both U.S. and Chinese institutions have found highly valuable. If the Commission believed that the Council could be of assistance as it considers this law and its implementation, we would be honored to assist in convening an appropriate advisory group or being of other assistance. Please do not hesitate to contact us if we can serve as a resource.

Thank you again for giving us an opportunity to comment on the draft legislation.

Sincerely,



Vikki Spruill  
President & CEO  
Council on Foundations

ENCLOSURE