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TRADE FACILITATION ANNUAL
REPORT OF CHINA (2024 EDITION)

《中国贸易便利化年度报告》编撰编委会◎编著



北京睿库贸易安全及便利化研究中心

Beijing Re-code Trade Security and Facilitation Research Center

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SUMMARY

This report mainly consists of two parts: a qualitative analysis based on an article-by-article review of China's implementation of the WTO Trade Facilitation Agreement and a quantitative analysis based on a quantitative assessment of China's trade facilitation level. Last year, we have significantly adjusted and optimized the quantitative assessment method, enhanced the integration of quantitative analysis and qualitative analysis and revised the compilation style and volume of the report. This year we continue to use the same research methodology and compilation methods as those of the previous version in order to maintain the comparability of the findings in a reasonable time dimension. The results of the two analysis both show that China's trade facilitation level remained basically steady while rising slightly in this year.

In 2023, the score of China's trade facilitation quantitative assessment index is 87.25 points (with a full mark of 100 points), up 1.02 points from the previous year, a slight increase of 1.18%.

Although the increase of 1.02 points was slightly higher than the previous year, the pace of China's moving its trade facilitation forward has yet to return to the levels before the COVID-19 pandemic. In fact, if we exclude the temporary variable of the adjustment of the COVID-19 prevention and control policy, this may be the year that had the least changes in China's trade facilitation development policy environment since this series of reports was compiled. In stark contrast to this, this may be the most changing year in the global geopolitical environment in more than a decade. Domestically, the leadership of the Communist Party of China and the Chinese government have successively completed the transition, the COVID-19 prevention and control policy has undergone a major adjustment, economic development has regained the focus of social operations and foreign trade has returned to its normal track of operation. Internationally, added to the flame of the Ukraine crisis was the gunfire of the Palestinian-Israeli conflict, the deterioration of the international market conditions is getting obvious, and the challenges that global trade is facing increase unabatedly. In the face of the complex situation, the Chinese government responded cautiously with few major policy adjustments made in the field of trade facilitation. The increase of the quantitative assessment index of trade facilitation is largely attributed to the

addition of relevant information on inspection and quarantine under Customs Information Disclosure as well as the improvement of port infrastructure and the recovery of customs law enforcement effectiveness after the impact of the pandemic subsided. It is particularly noteworthy that China Customs has launched the ambitious construction of Smart Customs and "Smarter Customs for Stronger Nation" action, which is expected to bring comprehensive and leapfrog innovation to the customs system and mechanism. Currently the work has just started and the effect is yet to be seen.

"Opportunity to Comment and Information before Entry into Force, and Consultations" saw a big rise in score from 75.00 to 84.38. After two consecutive years of sharp increases, it has broken away from the bottom.

There has been little change in the score of most sub-indicators of trade facilitation. Same as the previous year, "Opportunity to Comment and Information before Entry into Force, and Consultations" was the index with the largest increase in score, rising from 75.00 to 84.38, an increase of 9.38 points. After two consecutive years of sharp increases, this index has broken away from the situation where it had been tied with the index of "Border Agency Cooperation" at the bottom. In spite of the strong efforts to push forward the integration of customs and inspection, the progress in the field of "Border Agency Cooperation" is still not obvious over recent years, with the score being still 75.00 at the bottom which remains the weakest point in China's trade facilitation and business environment.

Major changes in trade facilitation include the following:

1 **The customs continued to deepen reform of supervision and control.** In the field of verification during the stage of follow-up supervision, the system of acceptance of third-party reports as evidence have been implemented on a pilot basis, and the pilot program of cross-region bonded display and sales have been carried out in the customs special control areas in Tianjin, Dalian and other customs regions. In particular, a series of measures has been introduced to promote the pilot reform of processing trade, namely: comprehensively promoting the supervision mode of processing trade of conglomerates, extending the time limit for reporting inter-plant transfer for deeper processing, optimizing the management of returns and exchanges of exported processed goods in processing trade, optimizing the formalities of reporting unit consumption before validation, allowing the reporting of consumption in the electronic assembly industry, innovating the parametric management mode of unit consumption,

implementing the reform of "short or over range", advancing the reform of defective and substandard goods management, supporting the development of bonded repair and maintenance, optimizing the layout of customs controlled bonded premises, allowing the free flow, exchange and disposal of bonded components and materials between the member enterprises within a conglomerate (including enterprises within a conglomerate located across different customs regions). These reforms make the movement of imported goods subject to customs supervision in processing trade easier and cheaper, and effectively make up for the shortcoming of lacking fault tolerance and remedy mechanisms in the current system, addressing institutional violations caused by non-subjective errors made by enterprises and greatly reducing the risk of violations by enterprises.

2 The development of the legal environment maintains a good trend.

Following the significant increase in public participation in the customs legislation process last year, the fairness and transparency of the rule of law of China Customs continued to improve this year. A column "Consultation Results" has been added to the "Soliciting Comments" section of the website of the General Administration of China Customs (GACC) to publicize the result of the consultations. Results have been published for 9 consultations of public opinion with an adoption rate of 39.6%. The GACC began to publicly solicit opinions on its proposed Announcements, which is the first time to solicit opinions from the public in advance of the issuance of its normative documents. Furthermore, it has solicited public opinions regarding the discretionary criteria for administrative penalty for three times.

3 The customs has launched large-scale smartization construction.

Customs has launched the construction of Smart Customs and "Smarter Customs for Stronger Nation" action, which is expected to use artificial intelligence, big data and other advanced technologies to realize a full range of intelligent transformation and upgrade of the customs supervision and control systems and mechanisms. Such action is expected to bring epoch-making innovation of customs work. Currently the relevant work is still in its embryonic stage.

4 Information disclosure continues to improve. Except the repealed regulations, the newly formulated or modified regulations all meet the requirement of implementation 30 days after the date of promulgation, maintaining the good momentum of the previous year. Since the launching of the column "Database of Customs Regulations" on the GACC website last year, the laws and regulations of the former entry-exit inspection and quarantine agency have also been added this year, making the content more complete.

5 While China's domestic single-window construction and paperless trade promotion have made achievements of international recognition, China's cross-border paperless trade facilitation level still needs to be improved. Cross-border paperless trade is not only a global trend, but also highly aligned with China's strategic goals of development. China has become an international leader in Joint Electronic Verification of Origin, but there is still a lot of work to be done.

Main suggestions:

1 Promote the construction of Smart Customs and the implementation of the "Smart Customs for Stronger Nation" action as soon as possible, and actively engage civil think tanks, technical institutions, and foreign trade companies in the design and construction process to avoid working behind closed doors and preventing construction results from being disconnected or misaligned with actual needs.

2 Following the fanfare generated by the strong promotion of customs and inspection integration and the expansion of the functions of the standard version of China's International Trade Single Window, cooperation among border management agencies such as customs, border control, finance, transportation, and ports has become rather lacklustre and, to certain extent, even diluted the actual effect of the shortening of customs clearance time and the reduction of customs clearance costs. Trade facilitation is system engineering. It is suggested that **communication and cooperation among**

relevant agencies be strengthened. In particular, the National Trade Facilitation Committee of China should play a leading role and multi-agencies should work together to promote trade facilitation so as to maximize the effect of trade facilitation. In addition, border agency cooperation should not be limited to the regulatory bodies but should also include the enterprises as stakeholders in the scope of cooperation. In 2023, the Customs has made positive progress in organizing and mobilizing the enterprises to participate in the construction of the system, but there is still a lot of room for improvement. It is recommended that all regulatory bodies **attach great importance to "Public Private Partnership" in all enterprise-related work**, so that the enterprises can widely participate in various issues such as policy formulation, regulatory reform, informatization and intelligent construction, as well as business innovation.

3 In recent years, except the relatively obvious improvement in the participation of the business community in the formulation of customs policy, **several other issues have been lingering for many years** and have not yet been resolved. It is suggested that improvement be made as soon as possible. These problems include: the content coverage of the English website of China Customs and the timeliness of updating are obviously insufficient; the functions of China National Trade Facilitation Committee have not been fully played; and the introduction and full participation of third-party professional institutions in the design of reform, policy making, AEO and other matters is still lacking.

4 We suggest that intergovernmental cooperation be strengthened to further **promote Electronic Certificates of Origin (eCO) and Electronic Phytosanitary Certificates (ePhyto)**. In particular, efforts should be made to develop pilot projects on ePhyto with ASEAN countries, Central Asian Regional Economic Cooperation countries and Brazil, and gradually increase the product coverage and countries applicable to cross-border electronic data exchange.

PREFACE I



Anabel Gonzalez
Former Deputy Director General,
WTO

Since the entry into force of the WTO Trade Facilitation Agreement (TFA) in 2017, the TFA has generated multifaceted economic benefits over the last five years, including in the areas of digitalization, resilience, inclusiveness, and sustainability of global supply chains. With the TFA, trade facilitation has joined trade opening as an essential element of national, regional and global trade policy reform. WTO Members are currently faced with global challenges and the TFA has added an entirely novel dimension to multilateral trade cooperation: the need to work together to alleviate frictions caused by trade procedures and processes.

Following its ratification of the TFA in 2015, China, the world's largest trading nation in goods, has made remarkable progress in improving its trade facilitation and doing-business environment in general, according to widely recognized assessments by international organizations such as UNCTAD, the World Bank Group, the OECD and the WTO. China has notified all measures of the TFA and implemented all TFA provisions ahead of schedule in January 2020. More recently in particular, a series of specific measures have been taken including simplifying documents, optimizing processes, improving automation, and reducing charges. The use of “smart” governance to accelerate TFA implementation by China's customs administration bears witness to its hard work in adapting to advanced trade technology. These measures have enhanced the stability, transparency, and predictability of China's opening-up policies, while reducing cost and saving time for cross-border trade.

It takes collaborative efforts of all stakeholders, including governments, businesses and academia to improve trade facilitation globally. I am pleased to see that the Trade Facilitation Annual Report of China, prepared by the Beijing Re-code Trade Security and Facilitation Research Center (Re-

code), shows that China's implementation of the TFA has made steady progress over the past year with areas of strength and weakness also identified. I believe that the work done by Re-code will bring additional value into a more comprehensive assessment of a Member's implementation of the TFA, using a combination of qualitative and quantitative evaluation against each Article of the TFA.

Looking to the future, I hope that China will continue to take a leading role in carrying out domestic reforms to advance digital and sustainable trade facilitation with dynamism, including furthering its efforts in areas such as the publication of its time release study, institutional cooperation, functioning of its National Trade Facilitation Committee and public-private partnership. I also wish that more independent professionals like Re-code will be committed to contributing to the meaningful cause of trade facilitation.

Anabel Gonzalez
Deputy Director General, World Trade Organization
December, 2022

PREFACE II



Ricardo Trevino Chapa
Deputy Secretary-General, WCO

It is my pleasure to preface the Trade Facilitation Annual Report of China, and I would like to commend Beijing Re-code Trade Security and Facilitation Research Center (Re-code) for this publication. The report highlights the positive steps undertaken by China to further promote trade facilitation at their borders and also precisely identifies the areas where improvement is needed, which is of great added-value to move forward and pursue the efforts in an efficient way.

Since the ratification of the WTO Trade Facilitation Agreement (TFA) in 2015, China paid significant attention to the objective of facilitating trade. This was especially done through the modernization and simplification of its border procedures, thanks to the promotion of paperless trade, the development of the Single Window as well as the establishment and constant improvement of the Authorized Economic Operation (AEO) system. Focusing its efforts on the adequate implementation of the WTO TFA, China has highlighted the importance of improving the function of governments in trade facilitation, together with their traditional role in revenue collection and protection of society, to move towards sound and agile trade flows. This approach is fully in line with the Strategic Plan of the WCO, which defines these functions as the main strategic objectives of Customs administrations in today's world.

The work of China in the modernization and simplification of its procedures has always been conducted with due consideration given to the full use of technology, exploiting their potential to achieve the main Custom's objectives. The "3S" concept ("Smart Customs, Smart Borders and Smart Connectivity") implemented by China Customs is a perfect example of this mindset and is again aligned with WCO's strategy, which identifies "Technology and Innovation" as one of its main areas of focus for the years to come. Customs operations must adapt to the global environment and trade in constant evolution, through the automation of its procedures and the promotion of ever more transparency within supply chains. In this perspective, I particularly appreciate the approach and direction taken by China, noting that more can and will be done as highlighted in the report.

Knowing your strengths and weaknesses is the prerequisite to achieve meaningful progress and monitor the developments. The successful implementation of the TFA definitely depends on this kind of diagnostic that requires to be accurate. In this connection, the WCO has already developed the Time Release Study (TRS) which provides a set of relevant indicators to measure performance at borders. Nowadays, the WCO is working on a more comprehensive and ambitious project, namely the WCO Performance Measurement Mechanism (PMM), which intends to become the world reference in the way Customs performance is assessed. These instruments can effectively support countries in the proper implementation of WTO TFA articles.

I hope that this report by Re-code will provide international organizations, government agencies, traders and researchers with valuable references in their collective pursuit of measuring and further improving trade facilitation at the border.



Ricardo Trevino Chapa
Deputy Secretary-General, World Customs Organization

PREFACE III

It is on the 4th of September 2015 that China ratified the WTO Trade Facilitation Agreement – a ground breaking agreement that promises to streamline and significantly reduce the “red tape” and bureaucratic procedures that slow and impede international trade, thereby reducing the time and cost of doing business across borders. It is well known, that implementation of the large trade facilitation agenda can contribute to improving the ways in which the government revenues are collected, as well as to bettering conditions for foreign investors, thereby reinforcing national competitiveness.

Implementing this Agreement demands strong political support and full commitment of the trade community. In light of this, the Trade Facilitation Annual Report of China, prepared by Re-code Trade Security and Facilitation Research Centre, is very timely and provides clear guidance and action oriented recommendations. The results of this report are expected to enable investors, traders and other stakeholders to better understand and monitor progress in trade facilitation, support evidence-based decision-making, identify challenges and opportunities, and capacity building and technical assistance needs.

I hope this report will help China and its partners to advance trade facilitation agenda to the advantage of the government, businesses, cross-border traders, producers and consumers, to enhance regional and global integration and to ultimately better achieve the Sustainable Development Goals of the United Nations Agenda 2030.



Maria Rosaria Ceccarelli

Chief, Trade Facilitation Section

Economic Cooperation and Trade Division

United Nations Economic Commission for Europe

FOREWORD

In this eighth edition of the Trade Facilitation Annual Report of China, we follow the optimized and updated compilation style of the previous version, with a view to maintaining the consistency of research methods and longitudinal comparability of research results in a reasonable period of time.

This edition of the report covers the time span from 1 September 2022 to 31 August 2023. This may be the year when the global geopolitical environment has changed the most and the year when China's policy environment regarding trade facilitation development has changed the least since this series of reports was compiled.

During this period of time, as the impact of the COVID-19 pandemic gradually lessened, various economies generally made systematic adjustments to the prevention and control policies. One of the most influential events was that China, as the world's second largest economy, made comprehensive adjustments to its epidemic prevention and control policies, and China's foreign trade returned to its normal track of operation. The Sino-US trade friction, eased at one time and intensified at another, seems to have entered into a state of stalemate. The uncertainty that submerged in the tranquility is no less than that of the previous temperamental situation. Against the odds, Sino-US relations showed more obvious signs of warming-up towards the end of 2023, which we were all looking forward to. The crisis in Ukraine prolongs and the Palestinians and Israelis are at war again. The fissures in the world we live in are deepening, at least in some places and in some ways. Accordingly, the challenges which global trade rules and patterns are facing are still severe, and the future of world trade is unclear.

It was also during this period that the Communist Party of China ushered in a new leadership and China ushered in a new government. After the severe impact of the COVID-19 pandemic ebbed, China's foreign trade rebounded, but due to external market and other factors, the magnitude and speed seem not to be as significant as expected. China's trade facilitation process is still advancing, but it's generally felt

that businesses are still under significant pressure. As in the previous year, without having implemented any macro and overall policy adjustments, China Customs and other regulatory authorities focused on specific measures such as improving infrastructure, simplifying customs clearance and reducing the burden on enterprises. The most influential policy change in China's trade facilitation field may remain to be the adjustment of COVID-19 prevention and control policies. China Customs also proposed to move forward the construction of Smart Customs and the "Smarter Customs for Stronger Nation" action, which is expected to become the largest project and the most powerful reform launched by the customs in the field of trade facilitation in the coming years and a longer period of time in the future. Since this project is still in its infancy, it takes time for it to show effects.

For years, the report has been kindly supported by many professionals and institutions. On this occasion, I would like to extend my special heartfelt thanks and deep gratitude to Ms. Anabel Gonzalez, former Deputy Director-General of the World Trade Organization, Mr. Ricardo Trevino Chapa, Deputy Secretary-General of the World Customs Organization, and Ms. Maria Rosaria Ceccarelli, Chief of the Trade Facilitation Section at the Economic Cooperation and Trade Division of the United Nations Economic Commission for Europe (UNECE). The prefaces they graciously wrote for the report, which took time out of their busy schedules, remain to be the driving force that inspires us to move forward. Meanwhile, my sincere thanks go to the following companies for their longstanding support to the report and Re-code: Intel China Ltd., Cummings (China) Investment Co., Ltd., Nissan (China) Investment Co., Ltd., Shenzhen Mbase Consultants Co., Ltd., Tyco (China) Investment Co., Ltd., Flex Information Technology (Shenzhen) Co., Ltd., Shanghai Xingya Customs Brokerage Co., Ltd., Shanghai Xinhai Customs Brokerage Co., Ltd., Jiangsu Yuetong CPAs Co., Ltd., UPS (Guangdong), and Philips (China) Investment Co., Ltd. I would be remiss not to thank the customs counsellors and attaches of the European Union, Germany, Italy, the Netherlands, Poland, Belgium, Belarus, India, Australia and other countries and regions based in China for their attention to the research work of Re-code as well as their support for and appreciation of this report.

Finally, I would like to extend my heartfelt thanks to Shenzhen Channelton Logistics Development Co., Ltd. and all the team members of the report, especially Mr. Liu Ping, former Director of the Tariff and Trade Affairs Directorate of the WCO, for their unremitting efforts that contributed to the remarkable improvement of this year's report.

Any constructive criticism and suggestions will be accepted with an open mind. All professionals are sincerely welcome to participate in the project. Online contact: https://www.re-code.org/%E8%81%94%E7%B3%BB%E6%88%91%E4%BB%AC?locale=zh_CN (Chinese), <http://www.recode-research.org/contact.html> (English); Wechat: jiangxp1234.

A handwritten signature in black ink, appearing to be the name 'Liu Ping' in a stylized cursive script.

Director, Beijing Re-code Trade Security and Facilitation Research Centre

READERS' GUIDE

This report is structured according to Section I of Trade Facilitation Agreement (TFA) of the World Trade Organization (WTO). It reviews how China has implemented TFA, provision by provision, paying close attention to the highlights and bottlenecks of China's trade facilitation. Re-code also made an assessment and produced a quantitative report.

On September 4, 2015, China ratified the protocol of WTO TFA, becoming the 16th member to accept it and contributing significantly to its implementation at an early date. China had reservations about Paragraph 6 of Article 7 "Establishment and Publication of Average Release Times", Paragraph 4 of Article 10 "Single Window", Paragraph 9 of Article 10 "Temporary Admission of Goods and Inward and Outward Processing", and Article 12 "Customs Cooperation". This Report also reviews these provisions except Article 12.

Drawing on the international experience, we have changed the nomenclature of the annual report based on the years of data coverage since the 2020 edition. This is the 2024 edition.

Among the main body of the text, those parts listed by Arabic numbers or English letters, and spanning the full width of the content area, are the original articles of WTO TFA. The rest are comments made by Re-code.

The regulations, policies, and information sources contained in this Report are attached to the text of its electronic version published on the official website of Re-code (Chinese: www.re-code.org; English: www.recode-research.org) with hyperlinks for the readers' reference.

This Report is for reference only. The research and comments in this Report are only for reference and are not necessarily exhaustive or completely accurate.

This Report is open-ended. Readers are welcome to make comments and suggestions to help us render it more thorough and accurate.

All the information, materials, and data in this Report are valid until August 31, 2023.

TEAM MEMBERS

Directors: Jiang Xiaoping, Guo Guo

Experts

Mr. Jiang Xiaoping

Director, Beijing Re-code Trade Security and Facilitation Research Centre. Mr. Jiang used to serve in the General Administration of China Customs, Local Customs Authority, Bureau of Foreign trade and other government agencies as well as foreign trade corporation and global top 500 companies. He is now a member of the think-tank of the China Customs magazine, guest professor of the University of International Business and Economics and cross-border trade expert of Asian Development Bank (ADB). Being an active participant and influencer in the development of China Customs System, Mr. JIANG has hosted and organized a series of research projects with applied value, including Customs Control System of International Inbound and Outbound Express Freight, Current Status and Development of Small-scale Trade in Border Regions (ADB program), Reform on the Circulation Management System of Bonded Goods in Special Customs Supervision Zones, and Research on Release Time of Import and Export Sea Cargoes. Mr. Jiang is the initiator, designer, organizer, coordinator as well as writer of the Annual Report on Trade Facilitation in China.

Mr. Li Zhuo

Mr. Li has long been engaged in customs affairs with rich experience in customs, business, and taxation. Mr. Li is familiar with international trade, customs regulation and customs clearance, and skilled in integration of overall customs clearance procedures. He is a member of the project of Annual Report on Trade Facilitation in China.

Mr. Zhang Hao

Experienced expert in Customs Affairs. Mr. Zhang has been engaged in customs declaration and logistics service for 17 years and served as the director of shipping and logistics manager in the factory in mainland China of a Taiwan-invested company and an American listed company respectively. Skilled in trade compliance of enterprises and management of bonded processing trade, he does deep study on policies and regulations of customs as well as inspection and quarantine matters.

Mr. Xiong Bin

Founding partner of Shenzhen Mbase Consultants Co., Ltd. Mr. Xiong has long been engaged in the research of trade policy, providing consultations on the management of foreign-related enterprises, and offering technical services. He is equipped with outstanding capabilities in solving challenging problems concerning foreign affairs. Mr. Xiong provides guidance to many large and medium-sized enterprises on issues regarding customs, taxation, foreign exchange, business, trade mode and supply-chain, and helps them to establish trade compliance management system. He is actively involved in the planning of innovation of new-type trade mode, research and policy promotion. He has been serving as the guest trainer for the Training Center of Ministry of Commerce, China International Chamber of Commerce,

China Trade Promotion Association and China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters. He has authored a number of books including Techniques of Customs Trade Enterprises, Report on Risk Management of Customs Matters of Foreign-related Enterprises, Practice and Techniques of Processing Trade and Handbook of AEO Accreditation. He is a member of project of Annual Report on Trade Facilitation in China.

Mr. Guo Guo

Mr. Guo has long been engaged in customs information matters, is adept at customs and foreign trade policy. He is an expert in whole-process management of the production of customs information products. He is a member of the project of Annual Report on Trade Facilitation in China.

Mr. Zhou Zhuojian

Mr. Zhou has a master degree of economics and specializes in international trade and data analysis. Mr. Zhou joined Beijing Re-code Trade Security and Facilitation Research Centre in 2014, and he was involved in the design and implementation of a few research projects, including Time Release Study of Import and Export Goods at Ports in China, Assessment Indicator System of Trade Facilitation and Charge Survey at Ports, and undertook the process collection and data analysis.

Mr. Wang Jin

Mr. Wang Jin, a senior consultant on customs affairs of Qingdao Key Enterprise Management Consulting Co., Ltd., and also the founder of the WeChat public account "Guanhai Consulting". As an expert of China customs affairs, Mr. Wang has in-depth theoretical knowledge on customs laws and regulations, and he also has rich experience on practical customs operations. Mr. Wang provides professional and efficient consulting services regarding customs affairs for import and export enterprises.

Mr. Lin Qian

Senior partner of Beijing DHH Law Firm and practicing attorney, a researcher of Beijing Re-code Trade Security and Facilitation Research Centre and adjunct professor of Graduate School of China University of Political Science and Law. Mr. Lin was a senior legal expert on customs laws who was engaged in trials of smuggling cases and legislation in the General Administration of China Customs. He is currently a guest writer of "Lin's Legal Lens" column of the China Customs Magazine, publishing dozens of articles on import and export trade compliance and legal risk prevention. He's also the author of Lin's Legal Lens, a popular book on trade compliance of imports and exports.

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术语表 GLOSSARY

中国海关	China Customs
海关总署	General Administration of China Customs (GACC)
检验检疫	Inspection and Quarantine
原国家质量监督检验检疫总局 / 质检总局	former General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ)
商务部	Ministry of Commerce
财政部	Ministry of Finance
国家发改委	National Development and Reform Commission (NDRC)
经认证的经营者	Authorized Economic Operator (AEO)
AEO 互认	AEO Mutual Recognition
信用管理	Credit Management
申报	Declaration
归类	Classification
估价	Valuation
担保	Guarantee
行政复议	Administrative Review
预裁定	Advance Ruling
单一窗口	Single Window (SW)
全国通关一体化改革	National Customs Clearance Integration Reform
进境维修	Inward Maintenance
出境加工	Outward Processing
互联网 + 海关	Internet + Customs
卫生和植物检疫	Sanitary and Phytosanitary (SPS)
动植物检疫	Quarantine of Animals and Plants
卫生检疫	Health Quarantine
技术性贸易壁垒	Technical Barriers to Trade (TBT)
《国际公路运输公约》	Transports Internationaux Routiers (TIR)
《危险货物国际道路运输公约》	European Agreement Concerning the International Carriage of Dangerous Goods by Road
自由贸易协定	Free Trade Agreement (FTA)
自由贸易试验区	Pilot Free Trade Zone
主动披露	Voluntary Disclosure
提前申报	Advance Declaration
两步申报	Two-step Declaration
船边直提	Shipside Pick-up
关税保证保险	Tariff Guarantee Insurance
抵港直装	Loading upon Arrival at Port
汇总征税	Aggregate Taxation

六稳六保	Ensure Stability on the Six Fronts and Security in the Six Areas
双随机、一公开 放管服	Double-Random Inspection and One Disclosure Delegate Power, Streamline Administration and Improve Government Services
三智（智慧海关、智能边境、智享联通）	Smart Customs, Smart Borders and Smart Connectivity

PART 1

QUALITATIVE ANALYSIS

**- Review According to WTO
TFA Text**



The links to the regulations, policies, and information sources mentioned in this section are published in the “Research” column on the Recode official website: <http://www.recode-research.org/research.html>

ARTICLE 1: PUBLICATION AND AVAILABILITY OF INFORMATION

Highlights and shortcomings-----

1. An "Intelligent Q&A" tool has been added to China Customs portal website using a robot to answer users' business inquiries online. But the functionality of this tool needs improvement since it can only answer the customized questions it provides and can hardly answer any questions raised by the users themselves.
2. Online verification of the electronic customs declaration data and the electronic data of the following certificates has been implemented: Certificate of Import Tariff Quota for Agricultural Products of the P.R.C., Certificate of Import Tariff Quota for Fertilizers of the P.R.C. and Certificate of Import Quota for Cotton subject to Preferential Tariff Rate Outside the Tariff Quota.
3. The scope of coverage, timeliness of update of information on the English website of China Customs are far from being sufficient.
4. The functions of China National Trade Facilitation Committee have not been adequately played..

----- Laws and Regulations

In December 2001, China officially became a member of World Trade Organization.

Since then, the Chinese government has attached great importance to the disclosure of government information.

In 2007, the State Council promulgated Regulations of the P.R.C. on Government Information Disclosure (Link 1.1). In the following 9 years, the State Council issued 12 Notices or Opinions on the disclosure of government information via its General Office (Link 1.2), making

substantial progress in the disclosure of government information including that regarding the administration of cross-border trade. In April 2019, Decree No. 711 of the State Council promulgated the revised Regulations of the P.R.C. on Government Information Disclosure, which came into effect on May 15, 2019. (Link 1.3)

According to Regulations of the P.R.C. on Government Information Disclosure, the GACC formulated and implemented Rules of the P.R.C. Customs on Government Information Disclosure. (Link 1.4)

China Customs promulgated GACC Rules Implementing the Opinions on Comprehensively Promoting Open Government.(Link 1.5)

On May 9, 2016, the State Council convened a national teleconference on promoting the reform to delegate power, streamline administration and provide better government services. Premier Li Keqiang stressed at the conference that greater efforts must be made to promote government information disclosure in order to achieve substantial results in streamlining administration and delegating more powers and made specific requirements: to speed up the formulation and publishing of the list for information disclosure; to promote government information disclosure in an all-round way; to open up the “information island”; and to disclose the information on handling sensitive emergency events in a timely manner. (Link 1.6)

The GACC website published a collection of the regulations for open government of the GACC, the State Council and other government institutions. (Link 1.7)

In August 2016, the GACC updated the Guide of the GACC on Government Information Disclosure. After the integration of the responsibilities and personnel of the Entry-exit Inspection and Quarantine Administration into the GACC in April 2018, the GACC once again updated the Guide and made it clear that applications for government information disclosure involving entry-exit inspection and quarantine duties could be submitted to the GACC. In May 2019, the GACC updated the Guide of the GACC on Government Information Disclosure in accordance with the revised Regulations of the P.R.C. on Government Information Disclosure. In December 2021, the Guide of the GACC on Government Information

Disclosure was revised again.(Link 1.8)

The Regulation on Optimizing the Business Environment promulgated by Decree No. 722 of the State Council on October 23, 2019 clearly stated that the State should rely on an integrated online platform to promote the integration of government information systems; realize timely and accurate publicity of administrative law enforcement information and leaving traces and traceable management in the whole process of law enforcement and full coverage of legal review of major administrative law enforcement decisions.(Link 1.9)

The Guide of the GACC on Government Information Disclosure was renewed in November 2019 fully covering the inspection and quarantine services. The Guide was updated again in December 2021. (Link 1.10)

In November 2020, the General Office of the State Council issued the Notice on the Administrative Rules on Information Processing Fees for the Disclosure of Government Information (Letter No. 109 [2020]), which provides rules for the collection of government information disclosure fees. The Rules would take effect from January 1, 2021. (Link 1.11)

In September 2021, the Office of Open Government and Information Disclosure of the General Office of the State Council issued the Notice on the Format of the Annual Report on the Work of Government Information Disclosure of the P.R.C. (Letter No. 30, [2021]), making detailed provisions on the format of the annual report on the work of government information disclosure. (Link 1.12)

In addition, the column of "Legislation of the GACC" was added on the portal website of China Customs under which the current relevant regulations on customs matters are published. (Link 1.13)

Implementation

Relevant government agencies not only disclose information through traditional media including books, newspapers, magazines, and television and new media such as the Internet and mobile apps, but also offer public consultations via hotlines and online platforms and provide information upon applications from the public .

In recent years, with the development of the Internet and mobile information platforms, China Customs has continuously expanded its information service channels. After joining WeChat and Weibo with the public account “Customs Release”, the GACC has also joined mp.toutiao.com, Tik Tok, om.qq.com and People’s Daily Online.

The columns on China Customs Portal website, including “Government Affairs Disclosure”, “Internet + Customs” and “Interactive Exchange”, publish customs information in a concentrated way. (Link 1.14, 1.15, 1.16)

In 2023, an "Intelligent Q&A" tool has been added to China Customs portal website using a robot to answer users’ business inquiries online. Until the end of August 2023, it can only answer the customized questions it provides and can hardly answer any questions raised by the users themselves. So its functionality needs improvement.(Link 1.17)

General Comment

There has been substantial progress and the implementation is fairly adequate. Furthermore, the uniformity, systematicness and timeliness of information disclosure has been improved. However there is still a certain gap between the current practice and the regulations of the State Council and the transparency requirement of the WTO.

Specifically, the "Government Information Disclosure" and "Interactive Exchange" sections of the China Customs portal website provide fixed and relatively concentrated information access, and the ease of information access has been significantly improved. But the publishing and updating of certain specific content is still not timely enough. For example, in the “Statutory Active Disclosure Content” under the “Open Government” column of the GACC website, the list of powers and responsibilities of the GACC and those of most of the regional customs offices directly under it have not been published; the complete customs administrative inspection items and field operations, such as territorial inspections, verification, etc., have not been disclosed; the list of other inspection and testing agencies whose admissible evidence is adopted by the customs and the list of import and export commodities subject to certification and validation that should

be made public in accordance with the laws and regulations have not yet been made public on the website of the GACC.

Recommendations

While maintaining the stability and convenience of information disclosure channels, continue to increase the scope and intensity of disclosure of relevant content. In particular, the Notices, Letters and other documents issued by the customs have been barely published publicly. Some of these involve the vital interests of the the trading community, and need to be made widely known or prepared with participation by the public. It is recommended that they should be actively disclosed in accordance with the Regulations of the P.R.C. on Government Information Disclosure.

The "Intelligent Q&A " tool added to China Customs portal website is a good starting point, although its current function is not perfect. It is recommended that more powerful artificial intelligence technology be used or third-party technical services be introduced to improve its functions as soon as possible.

1 Publication

1.1 Each Member shall promptly publish the following information in a non-discriminatory and easily accessible manner in order to enable governments, traders, and other interested parties to become acquainted with them:

(a) procedures for importation, exportation, and transit (including port, airport, and other entry-point procedures), and required forms and documents;

Implementation

Under the "Download Center" column of the GACC website, forms and documents of customs nationwide required for customs clearance are posted. (Links 1.18)

In terms of processes for importation, exportation, and transit, no concise procedural guides, forms, or documents have ever been posted.

Nanjing Customs published on its website a flow chart of procedures of importation and exportation by sea and air. (Links 1.19, 1.20 and 1.21)

After the institutional reform, the customs has integrated and optimized the qualification and documentary management of customs declaration and inspection and quarantine declaration, and some specific documents and forms are issued together with the official documents. In the context of the reform of customs supervision and control by segment, most of the forms involved in the administrative inspections of combined inspections and quarantines during the event and of combined multiple inspections after the event are not published on the website of the GACC. The GACC website published the administrative inspection items in the customs territorial inspection and verification under the "Service Guide" section of the "Service Center" column, but failed to make the forms used in the inspection process public.

General Comment

The implementation is fairly adequate, but there is still room for improvement.

Recommendations

China Customs should classify the existing entry-exit processes according to means of trade or transportation, types of goods, etc.; provide detailed, clear and illustrative procedures and required forms and documents for businesses that should be made available on the channels set by the GACC's website.

Optimize the search function of China Customs portal website to improve the smartness and accuracy of search.

(b) applied rates of duties and taxes of any kind imposed on or in connection with importation or exportation;

Implementation

The Chinese government adjusts rates of duties and taxes on imported and exported goods once a year. The adjusted tariff and tax rates are issued by

the Customs Tariff Commission of the State Council and are available on websites such as that of the Ministry of Finance.

Under the "I want to check" item of the "Internet + Customs" column on China Customs portal website, services are provided for "tax rate query", "import and export tariff query", "goods and heading explanatory notes tariff query", "national subheading explanatory notes query" . (Link 1.22)

The List of Imported and Exported Commodities Subject to Inspection and Quarantine is updated once a year (usually at the beginning of the year). In case the national policy is adjusted, it will be updated in the mid-year. The inspection and quarantine categories such as M/N, R/S, P/Q, V/W, L and customs supervision and control conditions such as A/B and D are also updated accordingly.

General Comment

The implementation is fairly adequate although there is still room for improvement.

(c) fees and charges imposed by or for governmental agencies on or in connection with importation, exportation or transit;

Implementation

The only item of administrative fees charged by China Customs is information disclosure processing fees.

China Customs has announced the relevant policies on the elimination and suspension of administrative fees, and publicized the operating service charges for its subordinate institutions and civil organizations on its portal website.

The changes in the above-mentioned charging policies are all announced in the "Fees Announcement" section of the "Financial Information" sub-column of the "Government Information Disclosure" column of the China Customs portal website. (Link 1.23)

The Ministry of Finance's portal website regularly publishes the "List of National and Central Departments' and Units' Administrative and

Institutional Fees". (Link 1.24)

There are still some hidden charges that are not transparent: firstly, the charges for the packaging of imported and exported dangerous chemicals and exported dangerous goods; and secondly, the fees charged by quarantine institutions.

General Comment

The implementation is fairly adequate, but there is still room for improvement.

(d) rules for the classification or valuation of products for customs purposes;

Implementation

The customs has disclosed the following information to the public:

Commodity Classification:

Decree No. 158 of the GACC Rules of the GACC on Commodity Classification of Imported and Exported Goods. (Link 1.25)

Announcement No.49 □2009□ of the GACC on Supplementary Declaration of Import and Export Goods. (Link 1.26)

Classification Decisions and Rulings on certain products as decided by the GACC are published as Announcements.

Queries on "Decisions and Rulings on Classification" are provided under the "I want to check" item of the "Internet + Customs" column on the GACC website. (Link 1.27)

In June 2018, the GACC decided to promote the nationwide implementation of paperless submission of information for goods classification. (Link 1.28)

In addition, the Department of Duty Collection of the GACC and Tianjin Branch of China Customs Imported and Exported Goods Classification Center have jointly developed "China Customs Classification and Testing" mobile phone APP through which the information regarding commodity classification, tariff code, classification decisions and rulings as well as testing status of the goods can be searched online.

Valuation:

Decree No. 213 of the GACC Rules of the P.R.C. Customs on the Determination of the Customs Value of Import and Export Goods. (Link 1.29)

Decree No. 211 of GACC Rules of the P.R.C. Customs on the Determination of the Customs Value of Bonded Goods Intended for Sale in the Domestic Market. (Link 1.30)

Announcement No. 140 of 2018 of the GACC on the Classification Table of Inbound Articles of the P.R.C. and the Table of Dutiable Values of Inbound Articles of the P.R.C. (Link 1.31)

Announcement No. 63 of 2019 of the GACC on Adjusting the Classification Table of Inbound Articles of the P.R.C. and the Table of Dutiable Values of Inbound Articles of the P.R.C. (Link 1.32)

Announcement No. 44 (2021) of the GACC on the Determination of Dutiable Values of Imported Goods Subject to Formula Pricing. (Link 1.33)

Relevant customs departments also publish and distribute practical reference books on customs matters. (Link 1.34)

General Comment

The GACC's disclosure of the rules for the classification and valuation of commodities is transparent. The implementation is fairly adequate.

Recommendations

The legally binding or instructive Rulings, Decisions, and Guiding Opinions on goods classification issued by the GACC and regional customs offices directly under it should be consolidated, classified and published promptly under a dedicated column; the GACC enable importers and exporters to pinpoint a tariff using the function "import and export tariff rate query" under "Internet + Customs" on its website.

(e) laws, regulations, and administrative rulings of general application relating to rules of origin;

Implementation

The State Council promulgated Regulations of the P.R.C. on the Origin of Imported and Exported Goods. Both the GACC and China Council for the Promotion of International Trade (CCPIT) published preferential rules of origin on their websites. The Customs and the Ministry of Commerce have provided relatively concentrated policies on origin on their websites. (Link 1.35)

In March 2019, the GACC issued Announcement No. 49 of 2019 on the Pilot Reform on the Printing of Certificate of Origin, deciding to start the pilot reform on the self-service printing of certificate of origin in Beijing, Tianjin, Shanghai, Jiangsu, Guangdong, Chongqing and other provinces/municipalities on March 25. (Link 1.36)

In May 2019, the GACC decided to fully promote the self-service printing of certificate of origin, which took effect on May 20, 2019. (Link 1.37)

In 2020, in order to effectively respond to the impact of the COVID-19 pandemic, China Customs has increased its efforts to promote self-service printing of certificate of origin, and the scope of application has been further expanded. The GACC issued Announcement No. 63 of 2020 on Expanding the Scope of the Self-service Printing of Certificate of Origin, which decided that, the certificate of origin for exports to Indonesia and Singapore under the Framework Agreement on Comprehensive Economic Cooperation between the P.R.C. and the ASEAN and the certificate of origin for exports to India under the Asia-Pacific Trade Agreement are added to the list of existing 15 types of certificate of origin that can be printed using self-service.(Link 1.38)

In 2021, the GACC issued Announcement No. 106 of 2021 on the Implementation of the Regional Comprehensive Economic Partnership (RCEP), deciding that the certificates of origin for exports to Singapore, Thailand, Japan, New Zealand and Australia under the RCEP can be printed using self-service. In July 2023, the GACC issued Announcement No. 82 of 2023 on the Upgrade of China-New Zealand Electronic Certification of Origin System. China and New Zealand realized paperless verification of origin through electronic networking.(Link 1.39)

General Comment

The laws and regulations of China Customs on rules of origin are open and transparent.

(f) import, export or transit restrictions or prohibitions;

Implementation

The section "Search by Clearance Parameters" on the GACC's website provides significant ease for importers and exporters in searching for information on import/export prohibitions and restrictions by commodity code. (Link 1.40)

Article 7 of Decree No.38 of the GACC Rules of the P.R.C. Customs on Supervision and Control of Goods in Transit stipulates specific prohibitions for goods in transit. (Link 1.41)

China Customs, the Ministry of Commerce and other relevant agencies also publish relevant information in a timely manner. There are many restrictions and prohibitions regarding import and export inspection and quarantine, which are published in time on the portal websites of the GACC. (Link 1.42) In June 2023, Announcement No. 21 (2023) of the Ministry of Commerce, the GACC and the Ministry of Ecology and Environment announced the Catalogue of Commodities Subject to Import Prohibition (8th Batch) and the Catalogue of Commodities Subject to Export Prohibition (7th Batch). (Link1. 43)

General Comment

While implementation is adequate, information release is sporadic.

Recommendations

Considering various import/export prohibitions and restrictions, the competent authorities consolidate them into a single catalogue and publish it on their respective websites. Competent authorities also endeavor to provide tariff codes for products where they are prohibited or restricted by their codes.

(g) penalty provisions for breaches of import, export, or transit formalities;

Implementation

China Customs has formulated and promulgated complete penalty provisions related to import and export or transit procedures. The basis for all administrative penalties arising from violation of import and export or transit procedure regulations imposed by the customs can be found in published government laws and regulations; no administrative penalty can be imposed on actions relating to import, export or transit procedures without using the basis provided in published laws, administrative regulations and departmental rules. The information on administrative penalty cases of all customs offices is published in the "Administrative Law Enforcement Publicity" sub-column under the item "Active Disclosure of Content by Law" of "Open Government" column on the portal website of China Customs. (Link 1.46)

State:

On March 17, 1996, Law of the P.R.C. on Administrative Penalty was promulgated through Order No. 63 of 1996 of the President of the P.R.C. The latest amendment was in 2021. (Link 1.47)

The Customs Law of the P.R.C. was latest amended in 2021. (Link 1.48)

In 2004, State Council Decree No. 420 promulgated the Regulations of the P.R.C. on the Implementation of Customs Administrative Penalty. (Link 1.49)

The Product Quality Law of the P.R.C. was promulgated through Order No. 71 of the President of the P.R.C. on February 22, 1993 and was subsequently amended. (Link 1.50)

On June 29, 2013, Special Equipment Safety Law of the P.R.C. was promulgated through Order No. 4 of the President of the P.R.C. (Link 1.51)

On April 24, 2015, Food Safety Law of the P.R.C. was promulgated through Order No. 21 of the President of the P.R.C. , which was latest amended in 2018. (Link 1.52)

On February 21, 1989, the Law of the P.R.C. on the Inspection of Imported

and Exported Commodities was promulgated through Order No. 14 of the President of the P.R.C. , and was latest amended 2021. (Link 1.53)

On October 30, 1991, the Law of the P.R.C. on the Entry and Exit Animal and Plant Quarantine was promulgated through Order No. 53 of the President of the P.R.C. . (Link 1.54)

On December 2, 1986, Frontier Health and Quarantine Law of the P.R.C. was promulgated through Order No. 46 of the President of the P.R.C. , and was subsequently amended. (Link 1.55)

Implementation Regulations of the Law of the P.R.C. on Import and Export Commodity Inspection was promulgated through Decree No. 447 of the State Council . (Link 1.56)

Implementation Regulations of the Law of the P.R.C. on the Entry and Exit Animal and Plant Quarantine was promulgated through Decree No. 206 of the State Council. (Link 1.57)

Regulations of the P.R.C. on Certification and Accreditation was promulgated through Decree No. 390 of the State Council. (Link 1.58)

Customs:

Procedures for the Handling of Administrative Penalty Cases by the P.R.C. Customs was promulgated through Decree No. 159 of the GACC . (Link 1.59)

Regulations on the Implementation of Personal Detention by the P.R.C. Customs was promulgated through Decree No. 144 of the GACC. (Link 1.60)

Implementation Rules of Frontier Health and Quarantine Law of the P.R.C. was promulgated through Decree No. 2 of 1989 of the Ministry of Health, which was subsequently amended. (Link 1.61)

Administrative Rules on Inspection and Supervision of Imported Cotton was promulgated by the former AQSIQ on January 18, 2013, and was subsequently amended. (Link 1.62);

In April 2021, Decree No. 249 of the GACC promulgated the Rules of the P.R.C. for the Administration of Safety of Imported and Exported Food. (Link 1.63)

General Comment

The implementation is adequate.

Recommendations

It is recommended that China Customs specify and publish the amounts of penalties applicable to various violations as stipulated by laws and administrative regulations, so as to reduce the discretionary power and increase the transparency of the customs administrative penalties.

(h) procedures for appeal or review;

Implementation

Enterprises involved in the import, export or transit which are subject to administrative penalties by the customs may appeal for relief through a variety of legal means. The main forms include pleading, hearing, administrative review or administrative litigation. The relevant regulations are published and easily accessible by the Internet.

State:

Administrative Procedure Law of the P.R.C.. (Link 1.64)

Administrative Reconsideration Law of the P.R.C. (Link 1.65)

Customs:

The following regulations are published and easily accessible via the Internet:

Decree No. 120 of the GACC Provisional Regulations of the P.R.C. Customs on the Handling of Appeal Cases. (Link 1.66)

Decree No. 166 of the GACC Rules of the P.R.C. Customs on Administrative Reconsideration. (Link 1.67)

Decree No. 145 of GACC Rules of the P.R.C. Customs on Administrative Penalty Hearing . (Link 1.68)

After the integration of the Entry-exit Inspection and Quarantine

Administration into the GACC in 2018, the GACC has consolidated laws, rules and regulations and abolished two regulations, namely, Announcement No. 7 of 1999 of the former AQSIQ Rules on Administrative Reconsideration of Entry-Exit Inspection and Quarantine and Decree No. 85 of the former AQSIQ Provisions on Administrative Penalty Procedures for Entry-Exit Inspection and Quarantine. (Link 1.69)

In December 2020, Decree No. 246 of the GACC promulgated the Rules of the P.R.C. Customs on Administrative Permit. (Link 1.70)

General Comment

The implementation is adequate.

(i) agreements or parts thereof with any country or countries relating to importation, exportation, or transit; and

Implementation

Information on free trade agreements between China and other countries or regions is published in a timely manner. The GACC has set up the sub-column “Business” under the column “Special Topic” to introduce information such as free trade agreements and preferential trade arrangements signed with other countries or regions. (Link 1.71)

However, information regarding mutual recognition agreements of Authorized Economic Operators (AEOs) and mutual administrative assistance agreements as well as memorandums of understanding signed with some countries or regions is generally covered by news reports and policy interpretation articles. Some information on AEOs-related policies and mutual recognition is accessible at "Customs Enterprise Credit System Construction" under "Open Government" on China Customs' portal website. The GACC has also set up “International AEOs Mutual Recognition” sub-column, but it has only provided relevant news links, short of organising a complete listing of economies with which China has reached agreements on international mutual recognition of AEOs. The relevant departments of the GACC have provided many more detailed and

in-depth interpretations of the relevant information through such channels as China Customs Magazine, Customs Hotline 12360 and WeChat public account. (Link 1.72)

Relevant information has also been published on the website of the Ministry of Commerce. (Link 1.73)

General Comment

The implementation is inadequate.

Recommendations

It is recommended that dedicated columns be set up on China Customs Portal website to publish details of the agreements signed with other countries in a timely manner, organise and publish the texts of the AEO international mutual recognition agreements between China and other countries or regions, and the texts of agreements on inspection and quarantine between China and other countries or regions.

(j) procedures relating to the administration of tariff quotas.

Implementation

Information on import tariff quotas for agricultural produce, sugar, cotton, wool, wool tops, etc. is published on the websites of the National Development and Reform Commission (NDRC) and Ministry of Commerce, which is easily accessible.

The Ministry of Commerce published the Catalogue of Goods Subject to Import Tariff Quotas on its official website. (Link 1.74)

From January 1, 2023, online verification of electronic customs declaration data and the electronic data of the following certificates has been implemented; Certificate of Import Tariff Quota for Agricultural Products of the P.R.C., Certificate of Import Tariff Quota for Fertilizers of the P.R.C. and Certificate of Import Quota for Cotton subject to Preferential Tariff Rate Outside the Tariff Quota. (Link1.75)

General Comment

The implementation is adequate.

1.2 Nothing in these provisions shall be construed as requiring the publication or provision of information other than in the language of the Member except as stated in paragraph 2.2.

2 Information Available Through Internet

2.1 Each Member shall make available, and update to the extent possible and as appropriate, the following through the internet:

Laws and Regulations

Rules of the P.R.C. Customs on Government Information Disclosure provides that:

"Article 13 Customs shall actively disclose customs government information by such easily accessible means as the Customs' websites, nationwide customs hotline service 12360, press conferences, newspapers, magazines, radio and television broadcasting."

Rules Implementing the Opinions on Comprehensively Promoting Open Government has referred profusely to the publicity of customs government information through channels such as Customs websites.

Implementation

The Internet has become an important means for China Customs and relevant commerce administration authorities to publish government information. The publication of information on China Customs portal website is timely and comprehensive, while the organization of the content remains quite complex and its user-friendliness needs to be improved.

General Comment

The implementation is adequate.

Recommendations

The portal website of China Customs be more oriented towards users, functions and services. The columns be streamlined and simplified according to user targeting and the stability of column settings and dynamic content update be maintained.

(a) a description of its procedures for importation, exportation, and transit, including procedures for appeal or review, that informs governments, traders, and other interested parties of the practical steps needed for importation, exportation, and transit;

Refer to 1.1 (a).

(b) the forms and documents required for importation into, exportation from, or transit through the territory of that Member;

Refer to 1.1 (a).

(c) contact information on its enquiry point(s).

Laws and Regulations

Rules of the P.R.C. Customs on Government Information Disclosure provides that:

"Article 15 Customs shall compile, publish and update in a timely manner Guide on Customs Government Information Disclosure, and List of Customs Government Information for Disclosure.

Guide on Customs Government Information Disclosure shall include classifications, compilation systems of and means of access to customs government information, and the name, address, business hours, phone number, fax number, E-mail, etc. of the competent departments in charge of customs government information disclosure."

Implementation

Through the "Related Links" section of the China Customs website, users

can get the website, office address and office phone number of each port customs. The “Business Consultation” sub-column has been set up in the “Exchange and Interaction” column on the portal websites of regional customs offices directly under the GACC for various types of business online consultation. The GACC International Inspection and Quarantine Standards and Technical Regulations (National Centers of WTO/TBT-SPS Notification and Enquiry of the P.R.C.) provide relevant consultation services. (Link 1.76, 1.77)

General Comment

The implementation is adequate.

2.2 Whenever practicable, the description referred to in subparagraph 2.1(a) shall also be made available in one of the official languages of the WTO.

Implementation

The WTO designates English, French and Spanish as the three official languages. The official website of the GACC is available in English, but offers little content and the information updates lag behind. The majority of the content including Laws, Regulations and Announcements referred to under this provision is not available on the official website.

General Comment

The implementation is inadequate. The English version of relevant information, especially practical content such as laws and regulations, is not comprehensive enough, and publication is significantly lagging behind.

On the English website of the GACC, the latest date of release for Laws and Regulations is October 26, 2014; the latest date of release for Customs Decrees is March 12, 2018; the release for Customs Announcements is relatively timely, with the latest one being published on August 29, 2023, but the number of releases was small, with a total of 17 issued between 2018 and 2023 and only 3 issued in 2023. The “Customs Reform” only has a simple one-page list of events with a publication date of 2018; the latest

release date of the Annual Reports is 2017; the number of release under the News is less than 10 in one year from 2022 to 2023. The Statistics are updated in a relatively timely manner, but the levels and scales of data are broad and the data in certain periods was not released.

Recommendations

Draw from the experience of Japanese and Korean customs and provide English translation of much more laws and regulations in a timely manner.

2.3 Members are encouraged to make available further trade-related information through the internet, including relevant trade-related legislation and other items referred to in paragraph 1.1.

Implementation

Since China's accession into the WTO in 2001, competent authorities vested with managerial responsibilities for cross-border trade, including the Ministry of Commerce and customs, have provided, through the Internet, a vast amount of import and export trade-related information that encompasses legislation, import and export administration, taxation, classification, trade licenses, etc.

China Customs portal website has attached notes of validity status to all policies and regulations, specifically classifying them into "valid, invalid and partially revised", thereby significantly facilitating the search for and use of information.

General Comment

The implementation is relatively adequate.

3 Enquiry Points

3.1 Each Member shall, within its available resources, establish or maintain one or more enquiry points to answer reasonable enquiries of governments, traders, and other interested parties on matters covered by paragraph 1.1 and to provide the required forms and documents

referred to in subparagraph 1.1(a).

Laws and Regulations

This has been clearly provided in the Rules of the P.R.C. Customs on Government Information Disclosure.

Implementation

The service desks of China Customs handling public administrative affairs are all open to public enquiry.

The official websites of customs have all put in place online enquiry desks. Both the GACC and customs offices directly under it have opened free hotline service 12360. After the integration of the Entry-Exit Inspection and Quarantine Administration into the GACC, the entry-exit inspection and quarantine business of the former AQSIQ hotline service 12365 has been transferred to the hotline service of China customs 12360.

The National Centers of WTO/TBT-SPS Notification and Enquiry of the P.R.C. have continuously issued Reports of the National Enquiry Points on WTO/TBT-SPS in China on its website. (Link 1.77)

So far, China has not established WTO/TFA Enquiry Points. According to China's institutional arrangement for the implementation of the TFA, trade facilitation-related work, including Enquiry Points, is to be undertaken by the National Committee on Trade Facilitation (Inter-ministerial Joint Meeting on Trade Facilitation of the State Council). The Ministry of Commerce has set up the WTO / FTA enquiry website (referred to as the “WTO enquiry website”) which provides more and more services and information. (Link 1.78)

General Comment

The implementation is adequate, but the function of the Inter-ministerial Joint Meeting on Trade Facilitation of the State Council needs to be further enhanced.

Recommendations

It is recommended that Customs consolidate the forms and documents

needed to be filled in and used by importers and exporters, and publish their downloadable versions online.

In addition, inspection and quarantine involve complex technical areas (commodity inspection, animal and plant inspection, health and food safety) and require strong technical expertise; it is recommended that the overall technical capacity of the 12360 system operators related to inspection and quarantine be enhanced.

It is recommended that China draw on the experience of the existing WTO/TBT Enquiry Point and WTO/SPS Enquiry Points in order to establish WTO/TFA Enquiry Point as soon as possible.

3.2 Members of a customs union or involved in regional integration may establish or maintain common enquiry points at the regional level to satisfy the requirement of paragraph 3.1 for common procedures.

Implementation

Not applicable.

3.3 Members are encouraged not to require the payment of a fee for answering enquiries and providing required forms and documents. If any, Members shall limit the amount of their fees and charges to the approximate cost of services rendered.

Laws and Regulations

Rules of the P.R.C. Customs on Government Information Disclosure clearly provides that fees should only be charged to recover to the cost of services rendered. The charging of fees for information disclosure is strictly regulated by the Rules on the Charging of Fees for Government Information Disclosure released by the State Council.

Implementation

Generally speaking, the enquiry services offered by customs do not provide forms or documents. In rare cases where such forms or documents are provided, they are provided free of charge. The Application Form for

Customs Government Information Disclosure can be downloaded free of charge from the “Download Center” column of China Customs Portal website.

General Comment

The implementation is relatively adequate, but there remains room for improvement.

3.4 The enquiry points shall answer enquiries and provide the forms and documents within a reasonable time period set by each Member, which may vary depending on the nature or complexity of the request.

Laws and Regulations

Rules of the P.R.C. Customs on Government Information Disclosure provides that:

"Article 19 In case an application for customs government information disclosure is received, customs shall reply to such applications on the spot if it is able do so .

In case customs is not able to do so, it shall reply within 15 working days starting from the date of receipt of the application; in case the reply period needs to be extended, consent needs to be obtained from a person in charge at the competent customs government information disclosure department and the applicant needs to be notified. The extension period shall be no longer than 15 working days.

In case the government information requested to be disclosed by an application involves the rights and interests of a third party, the time required for customs to consult the third party shall not be included in the time frame as provided for in Paragraph 2 of this provision."

Implementation

Customs Hotline 12360 provides immediate answers to simple enquiries. For complicated enquiries, professional staff will be invited to address them and no time frames are set for such purposes.

For online enquiries, as of now no deadline for reply has been set. The online enquiries and responses handled through the websites of the regional customs offices, including the timing and content of the response, are published in the “Business Enquiry” sub-column under the “Interaction and Exchange” column of the websites.

General Comment

The implementation is adequate, but the ability to respond to complex questions and the timeliness of replies need to be further improved.

Recommendations

In addition to online inquiries, enquiries and replies made through various channels, such as hotline services and emails, including the reply time, should be summarized and published on a periodic basis, thereby facilitating continuous improvement of the effectiveness and quality of the enquiry services.

4 Notification

Each Member shall notify the Committee on Trade Facilitation established under paragraph 1.1 of Article 23 (referred to in this Agreement as the “Committee”) of:

- (a) the official place(s) where the items in subparagraphs 1.1(a) to (j) have been published;*
- (b) the Uniform Resource Locators of website(s) referred to in paragraph 2.1; and*
- (c) the contact information of the enquiry points referred to in paragraph 3.1.*

Implementation

China has established the Joint Inter-ministerial Meeting mechanism for trade facilitation work under the State Council. After the entry into force of the TFA, the Joint Meeting is named as Committee on Trade Facilitation of the P.R.C. However, few measures have been taken by the Committee to

promote China's trade facilitation and its function needs to be played. (Link 1.79)

ARTICLE 2: OPPORTUNITY TO COMMENT, INFORMATION BEFORE ENTRY INTO FORCE, AND CONSULTATIONS

Highlights and shortcomings-----

1. Since October 2022, a column "Consultation Results" has been added to the "Soliciting Comments" section of the website of the GACC to publicize the result of the consultations. Results have been published for 9 consultations of public comments with a total of 96 comments received and 38 adopted, accounting for 39.6% of adoption rate.
2. In June 2023, the GACC began to publicly solicit comments on its proposed Announcements, which was the first time to solicit comments from the public in advance of the issuance of its normative documents.
3. Publication of regulations prior to their entry into force is sufficient. With the exception of the repealed regulations, all newly formulated or modified regulations meet the requirement of implementation 30 days after the date of promulgation.
4. No significant changes have been observed regarding consultations with the business community.

----- *1 Opportunity to Comment and Information before Entry into Force*

1.1 Each Member shall, to the extent practicable and in a manner consistent with its domestic law and legal system, provide opportunities and an appropriate time period to traders and other interested parties to comment on the proposed introduction or amendment of laws and regulations of general application related to the movement, release, and clearance of goods, including goods in transit.

Laws and Regulations

The State has put in place a quite sound legal system.

Article 74 of the Legislation Law of the P.R.C. provides that in the drafting process of administrative laws and regulations, the opinions of relevant agencies, organizations, people's congress delegates and the public shall be broadly heard. The solicitation of such comments may be conducted in forms of symposiums, argumentations and hearings. Drafts of administrative regulations should be published for public comments. (Link 2.1)

In Article 10 of the Foreign Investment Law of the P.R.C., it is stipulated that comments and suggestions from foreign-invested enterprises shall be sought in a proper manner when formulating laws, regulations, and rules relating to foreign investment. (Link 2.2)

Decrees No. 694 and No. 695 of the State Council respectively promulgated the Decision of the State Council on Amending the Regulations on Procedures for the Formulation of Administrative Regulations and the Decision of the State Council on Amending the Regulations on the Procedures for the Formulation of Rules, which elaborate on the details of the formulation procedures for administrative laws, rules and regulations, with a view to practicing the principle of scientific and democratic legislation as provided for in the Legislation Law. (Links 2.3 and 2.4)

Notice on Fully Hearing the Opinions of Enterprises, Industry Associations and Chambers of Commerce in the Process of Formulating Administrative Rules, Regulations and Normative Documents (Notice of the General Office of the State Council No. 9 [2019]) further puts forward requirements for hearing the opinions of enterprises, industry associations and chambers of commerce in the process of formulating administrative regulations, rules, and normative documents. (Link 2.5)

It is stipulated in Article 7 of the Regulation on the Implementation of the Foreign Investment Law of the P.R.C. that, in formulating administrative regulations, rules, and normative documents relating to foreign investment, or when governments and their appropriate departments draft laws and local regulations relating to foreign investment, comments and suggestions from foreign-invested enterprises and the relevant chambers of commerce and associations, shall be solicited taking into account the actual circumstances in multiples forms, such as written requests for comments,

symposiums, argumentations and hearings; for comments and suggestions commonly raised or affecting major rights and obligations of foreign-funded enterprises, feedbacks regarding their adoption shall be provided by appropriate means. (Link 2.6)

In September 2022, the Opinions of the General Office of the State Council on Further Optimizing the Business Environment and Reducing the Institutional Transaction Costs of Market Entities (Notice of the General Office of the State Council No. 30 [2022]) requires that the formulation of enterprise-related policies should strictly fulfill the requirements of evaluation and argumentation, public solicitation of opinions and legitimacy review; and that the comments of the relevant enterprises should be fully listened to before the introduction of major enterprise-related policies. (Link 2.7)

In July 2023, the Opinions of the State Council on Further Optimizing the Foreign Investment Environment and Intensifying Efforts to Attract Foreign Investment (Notice of the State Council No. 11 [2023]) requires that the formulation of economic and trade policies and regulations involving foreign parties be standardized, and that emphasis should be laid on enhancing transparency and predictability in the formulation of all types economic and trade policies and measures involving foreign parties, and that the comments of foreign-invested enterprises be heard in accordance with the law. (Link 2.8)

China Customs formulated and released relevant departmental rules and regulations.

Rules of the P.R.C. Customs Governing its Legislative Work clarifies the principle of open and transparent customs legislative work encouraging and facilitating the involvement of the business community and the public in customs legislation; providing that after customs and regulations rules are drafted, comments from the business community shall be solicited via written requests, symposiums, argumentations and hearings; in cases where the content of the rules and regulations involves major interests of the business community, or where major differences exist during the comment solicitation process, the drafting department may hold legislative

hearings. (Link 2.9)

Implementation

Soliciting of comments on draft laws is available on the official website of the National People's Congress (NPC). The State Council has a section for collecting legislative comments on the website of the Ministry of Justice (Chinese Government Legal Information Network).(Link 2.10, 2.11)

There are no customs-related items for soliciting of comments on the websites of the NPC and the Ministry of Justice .

The website of the GACC has set up special columns for soliciting comments and provides channels for putting forward public suggestions. In 2023, legislative suggestions were publicly solicited 10 times on the website. Starting from October 2022, a column "Consultation Results" has been added to the "Soliciting Comments" section to publicize the result of the consultations. Results have been published for 9 consultations of public opinion with a total of 96 opinions received and 38 adopted, accounting for 39.6% of adoption rate. (Links 2.12 , 2.13.)

The "Latest Documents" section of the GACC website opens the netizen's message function to actively collect the public's feedback and comments on the latest customs policy formulation and implementation effects. However, the website does not publish the feedback and comments collected.

In accordance with the requirements of the WTO TBT Agreement and SPS Agreement, China has notified the Members for their review of its technical regulations as well as animal and plant health and quarantine regulations before they are scheduled to take into effect . (Link 2.14)

Apart from laws, rules and regulations, there has not been a large number of other customs regulatory provisions and normative documents for soliciting comments from traders and other stakeholders. In June 2023, the GACC publicly solicited comments on the proposed Announcement of the General Administration of Customs on Matters Relating to the Handling of Voluntary Disclosure Violations (draft for comment), the first time that a normative document has been subject to prior public

comment. (Link 2.15)

General Comment

China's customs institutional arrangements are basically in place, and the scope and channels of public participation in comments have been actively expanded. The degree of public participation in comments has been increasing. Customs has made significant progress in providing feedback on the comments collected and has undertaken a process of public consultation on normative documents.

Recommendations

1. The current Rules Governing Customs Legislation Work came into force on March 1, 2009, while the Legislation Law on which it was based at the time has been amended twice in 2015 and 2023 respectively. The Regulations on the Procedure for the Formulation of Rules, on which it is based, has also been revised in 2017. The GACC has publicly solicited comments on amending the Rules Governing Customs Legislation Work (Draft for Comments) in August 2018. As of August 2023, the revision has not been completed. It is recommended that the amendment be completed as soon as possible in accordance with the principles and procedures set out in the current Legislation Law and Regulations on the Procedure for the Formulation of Rules, and to take effective measures to ensure that it will be fully implemented.
2. To solicit the trade community's opinions in advance on legislation formulation items in relation to management processes and IT system program development requirements affecting the trading community so as to avoid the difficulties in applying these processes and systems when they go live, which would eventually increase the government's administrative costs and the enterprise's operating costs.
3. For comments collected online, open communications and discussions should be encouraged and actively directed.
4. It is suggested that experts, scholars, civil society and the business community should be invited regularly (for example, every 6 months) to

participate in the evaluation of the legislative effect of the formulation of normative documents affecting the trade community.

1.2 Each Member shall, to the extent practicable and in a manner consistent with its domestic law and legal system, ensure that new or amended laws and regulations of general application related to the movement, release, and clearance of goods, including goods in transit, are published or information on them made otherwise publicly available, as early as possible before their entry into force, in order to enable traders and other interested parties to become acquainted with them.

Laws and Regulations

China has relatively complete relevant laws and regulations at the national level.

In Article 10 of the Foreign Investment Law of the P.R.C., it is stipulated that normative documents and adjudicative decisions, etc., related to foreign investment shall be made public in a timely manner in accordance with the law.

It is stipulated in Article 11 that the State establishes and improves a system serving foreign investment to provide consultation and services to foreign investors and foreign-funded enterprises regarding laws and regulations, policy and measures, and information of investment project .

The Regulations on the Procedures for the Formulation of Administrative Regulations and the Regulations on the Procedures for the Formulation of Rules stipulate that administrative regulations and rules shall take effect 30 days after the date of their promulgation, and provide for exceptions.

Order No. 711 of the State Council promulgated the revised Regulations of the P.R.C. on the Disclosure of Government Information. It is stipulated in Article 5 that disclosure of government information by an administrative agency shall adhere to disclosure as a norm and non-disclosure as an exception and observe the principles of justice, fairness, lawfulness, and easy access by the public.

It is stipulated in Article 26 that government information that falls within the scope of active disclosure shall be disclosed in a timely manner within

20 working days from the date of formation or change of the government information. (Link 2.16)

In Article 7 of the Regulation on the Implementation of the Foreign Investment Law of the P.R.C., it is stipulated that normative documents relating to foreign investment shall be published in a timely manner in accordance with the law, and those unpublished shall not serve as the basis for public administration. For normative documents which are closely related to the production and operation activities of foreign-invested enterprises, the time between their issuance and implementation shall be reasonably determined taking into account the actual circumstances.

It is stipulated in Article 9 that governments and their appropriate departments shall, in a centralized manner, publish the laws, regulations, rules, normative documents, policies, and measures relating to foreign investment and investment project information through government websites and the national integrated online government service platform, strengthen publicity and interpretation through various channels and in various ways, and provide advisory, guidance, and other services for foreign investors and foreign-invested enterprises.

In July 2023, the Opinions of the State Council on Further Optimizing the Foreign Investment Environment and Intensifying Efforts to Attract Foreign Investment (Notice of the State Council No. 11 [2023]) required that the formulation of economic and trade policies and regulations involving foreign parties be standardized, and that a transition period be reasonably set for newly introduced policies and measures.

China Customs has formulated and promulgated corresponding departmental regulations, which have however been nullified. In February 2014, Order No. 215 of the GACC promulgated the Rules of the P.R.C. Customs for the Disclosure of Government Information, which was nullified by Order No. 244 of the GACC in December 2020. At present, the government information disclosure by customs is implemented in accordance with the Regulations of the P.R.C. on Government Information Disclosure.

The website of the GACC sets up a dedicated column for government information disclosure. (Link 2.17)

In Article 42 of the Rules Governing Customs Legislation Work, it is stipulated that except for special circumstances, customs regulations shall be implemented at least 30 days after the date of promulgation.

Implementation

In 2023, the customs promulgated 2 regulations, amended 25 regulations, and abolished 3 regulations. The abolished regulations took effect on the date of the issuance of the GACC Decrees. The time between the promulgation and amendment of the regulations and their formal implementation exceeds 30 days.

The website of the GACC set up the "Legislation of the GACC " column, displaying the currently effective customs regulations in a unified format, complete in content, authoritative and standardized. Word and PDF formats are provided on the website for downloading in order to facilitate the access of traders and other stakeholders. (Link 2.18)

General Comment

China's customs institutional arrangements are in place with adequate implementation in publishing the regulations before they take effect, providing more convenient public access for traders and other stakeholders.

1.3 Changes to duty rates or tariff rates, measures that have a relieving effect, measures the effectiveness of which would be undermined as a result of compliance with paragraphs 1.1 or 1.2, measures applied in urgent circumstances, or minor changes to domestic law and legal system are each excluded from paragraphs 1.1 and 1.2.

2 Consultations

Each Member shall, as appropriate, provide for regular consultations between its border agencies and traders or other stakeholders located within its territory.

Laws and Regulations

No specific provisions apply.

Implementation

The General Office of the State Council issued the Implementation Opinions on Further Optimizing the Business Environment and Better Serving Market Entities (Notice No. 24 [2020]), which clearly requires the establishment of a regular government-business communication mechanism and the strengthening of regular contacts with enterprises, industry associations and chambers of commerce. (Link 2.19)

The General Office of the State Council's Opinions on Further Optimizing the Business Environment and Reducing the Institutional Transaction Costs of Market Entities (Notice of the General Office of the State Council No. 30 [2022]) requires the establishment of a platform for regular communication between government departments and market entities, industry associations and chambers of commerce, so as to promptly understand and respond to the demands of enterprises.

China Customs is open to consultations with business. Dialogues and consultations with enterprises and chambers of commerce are organized on a periodic or an ad hoc basis, depending upon specific work needs.

However, to date, standardized regular consultation mechanisms are yet to be formed for the consultation arrangements between China Customs and the business community.

General Comment

Implementation was proactive, but it is yet to be institutionalized and standardized.

Recommendations

1. It's suggested that China Customs should formulate and establish regular consultation mechanisms with business, adopt a more flexible and pragmatic approach to the determination of attendees, issues for consultation, etc., and extensively solicit and adopt feedback and suggestions from a wide range of business representatives.
2. There should be more easily accessible and effective information feedback channels and resolution mechanisms for issues that are of major

importance, urgency and that may have broad impact.

ARTICLE 3: ADVANCE RULINGS

Highlights and shortcomings-----

1. The implementation has been satisfactory since advance ruling was put into effect by China Customs in 2018.
2. Although China Customs has ceased making any Administrative Ruling since 2019, the Administrative Ruling system has not been abolished and it was amended in 2023.

----- Laws and Regulations

Decree No. 236 of the GACC Interim Rules of the P.R.C. Customs on the Administration of Advance Rulings has been implemented since February 1, 2018. China Customs has officially implemented the advance ruling system since then. (Link 3.1)

Announcement No. 14 of 2018 of the GACC on the Implementation of the Interim Rules of the P.R.C. Customs on the Administration of Customs Advance Rulings clearly stipulates the matters related to the implementation of the advance ruling system. The Announcement stipulates that from February 1, 2018, the customs will no longer accept applications for pre-classification, pre-examination of prices and pre-determination of origin. (Link 3.2)

However, Decree No. 92 of the GACC Provisional Rules of the P.R.C. Customs on the Administration of Administrative Rulings is still in force for the time being. (Link 3.3)

The use of Pre-classification Decisions on Commodity Classification previously issued by the regional customs offices directly under the GACC has been ceased since January 1, 2019. (Link 3.4)

Implementation

Over the years since the GACC issued the Interim Rules of the P.R.C.

Customs on the Administration of Administrative Rulings (Decree No. 92) in December 24, 2001, which was implemented on January 1, 2002 until the end of August 2020, publicly released through the China Customs portal were 11 cases of administrative rulings on classification (2 in 2015, 5 in 2016, 3 in 2017, and 1 in 2018) involving a total of 22 commodities and one case of administrative ruling (1 in 2017) involving one product. Since 2019, due to the full implementation of the advance ruling system, the customs has not issued any new administrative rulings. However, the Interim Rules of the P.R.C. Customs on the Administration of Administrative Rulings has not been nullified. On March 9, 2023, it was amended in accordance with GACC Decree No. 262 Decision of the GACC on Amending Certain Regulations. (Link 3.5)

Decree No. 236 of the GACC Interim Rules of the P.R.C. Customs for the Administration of Advance Rulings, issued on December 26, 2017 and implemented on February 1, 2018, stipulates that an enterprise may apply to the customs for advance rulings on the classification, value and origin of the goods to be imported three months before the importation and exportation of goods. Since the implementation in 2018 until August 31, 2023, customs around the country has issued 7818 advance rulings. Since the period of validity of an advance ruling is three years, 4312 advance ruling decisions remain valid at the moment.

Since 2016, China Customs has gradually adopted the practice of respecting the precedent for classification. Following the issuance of Announcement No. 66 [2016] on November 24, 2016, the online Auxiliary Search Tool for Classification Precedent was launched on a pilot basis, covering the commodities under Chapters 80, 81 and 82 of the Import and Export Tariff of the P.R.C. imported via ports by sea, land and air across the country; those involving pricing formula, special cases and certificate or statement of origin under the preferential trade agreements for which verification of origin has not been e-networked are not covered in the scope of the pilot. (Link 3.6)

General Comment

Since the implementation of the Interim Rules of the P.R.C. Customs on the

Administration of Advance Rulings, the design of the system for advance rulings by China Customs has been improved and the implementation has been in good condition.

1 Each Member shall issue an advance ruling in a reasonable, time-bound manner to the applicant that has submitted a written request containing all necessary information. If a Member declines to issue an advance ruling, it shall promptly notify the applicant in writing, setting out the relevant facts and the basis for its decision.

Laws and Regulations

Relevant customs rules and regulations have clearly stipulated the time limits for the acceptance of customs advance ruling applications and the issuance of the rulings.

	No. of the regulation	Time limit for processing of application	Time limit for issuance of ruling
Advance ruling	Order No. 236 of the General Administration of Customs	10 days	60 days
Administrative ruling	Order No. 92 of the General Administration of Customs	15 working days	60 days

In case the customs declines to accept an application for an advance ruling, Decree No. 92 and Decree No. 236 of the GACC both stipulate that the applicant must be provided with written justifications for the rejection.

Implementation

The implementation of the advance ruling system is quick and stable, which deserves recognition.

2 A Member may decline to issue an advance ruling to the applicant where the question raised in the application:

(a) is already pending in the applicant's case before any governmental agency, appellate

tribunal, or court; or

(b) has already been decided by any appellate tribunal or court.

Laws and Regulations

In Article 9 of Decree No. 236 of the GACC, it is stipulated that where the customs rules and regulations or Announcements have clearly stipulated the subject matter for which an application for advance ruling is made, or an application for an advance ruling on the same matter has already been accepted, the customs may decline to accept the application. Article 12 of Decree No. 92 of the GACC also has similar provisions.

Implementation

Fully implemented.

3 The advance ruling shall be valid for a reasonable period of time after its issuance unless the law, facts, or circumstances supporting that ruling have changed.

Laws and Regulations

The advance ruling system of China Customs clearly stipulates the validity period of advance rulings. The advance ruling decision is valid within three years from the date of issuance. However, in the case of an Administrative Ruling made in accordance with GACC Decree No. 92, unless the relevant laws and regulations change, it will remain in effect for good. In case it becomes invalid due to changes in circumstances, the customs will make an Announcement to revoke the original Administrative Ruling.

Implementation

The provision regarding the validity of an advance ruling by China Customs has been fully implemented.

4 Where the Member revokes, modifies, or invalidates the advance ruling, it shall provide written notice to the applicant setting out the relevant facts and the basis for its decision. Where a Member revokes, modifies, or invalidates advance rulings with retroactive effect, it may only do so

where the ruling was based on incomplete, incorrect, false, or misleading information.

Laws and Regulations

China Customs advance ruling system clearly stipulates that the party concerned must be notified of the revocation of the advance ruling and the circumstances under which the advance ruling can be revoked. If the documentation provided by the applicant for the application is untrue or incomplete, or if the Customs has made an incorrect ruling, the customs may revoke the advance ruling decision.

Implementation

The provision on the revocation of an advance ruling has been fully implemented by China Customs. If the advance ruling decision made by the customs is found to be incorrect, the customs revokes the decision and notifies the applicant.

5 An advance ruling issued by a Member shall be binding on that Member in respect of the applicant that sought it. The Member may provide that the advance ruling is binding on the applicant.

Laws and Regulations

The advance ruling decision made by China Customs in accordance with the relevant provisions on advance rulings is binding on the customs offices all over the country and on the applicant; the Administrative Ruling decision made by the customs pursuant to GACC Decree No. 92 shall be publicly announced and binding on all parties nationwide.

Implementation

The provision on the binding effect of an advance ruling has been fully implemented.

6 Each Member shall publish, at a minimum:

- (a) the requirements for the application for an advance ruling, including the information to

be provided and the format;

Laws and Regulations

Article 5 of the Interim Rules of the P.R.C. Customs on the Administration of Advance Rulings stipulates that an applicant applying for an advance ruling shall submit the Application Form for Advance Ruling of the P.R.C. Customs (hereinafter referred to as the “Advance Ruling Application Form”) and the relevant documents as required by customs. If the documents are in a foreign language, the applicant shall also submit a Chinese translation that meet the customs requirements. The applicant shall bear the legal liability for the authenticity, accuracy, completeness and standard of the submitted documents.

Announcement No. 14 of the GACC on Certain Matters regarding the Implementation of the Rules of the P.R.C. Customs on the Administration of Advance Rulings provides as attachments the following templates in electronic format: Application Form for Advance Ruling of the Customs the P.R.C., Decision of Acceptance of an Application for Advance Ruling by the P.R.C. Customs, Decision of Rejection of Application for Advance Ruling by the P.R.C. Customs, Notice of the P.R.C. Customs on the Rectification of an Application for Advance Ruling, Decision of Advance Ruling by the P.R.C. Customs, Notice of the P.R.C. Customs on Supplementary Documentation Supporting an Application for Advance Ruling, Decision on the Termination of an Advance Ruling by the P.R.C. Customs, Application Form for the Withdrawal of an Advance Ruling of the P.R.C. Customs and Notice on the Revocation of the Decision on Advance Ruling of the P.R.C. Customs.

Article 6 of the Interim Rules of the P.R.C. Customs on the Administration of Administrative Ruling stipulates that:

The applicant should fill in the application form for administrative rulings in accordance with the requirements of the customs (see annex for the format). It mainly includes the following contents: (i) the basic information of the applicant; (ii) the matters for applying for administrative rulings; (iii) the specific conditions of the goods for which an administrative ruling is applied; (iv) the expected date of import/export and ports of import/export ;

and (v) other information as deemed necessary by customs.

Article 7 stipulates that: The applicant shall provide sufficient information to explain the subject matter of the application, including copies of import or export contracts or letters of intent, pictures, instructions and analysis reports, as required by the Customs. If the documents appended to the application form are in a foreign language, the applicant should provide both the original in foreign language and a Chinese translation. The application form should be stamped with the applicant's seal and the documents and applications provided should be stamped with a cross-page seal. In case of entrusting another person to make the application, the applicant should provide the power of attorney and proof of identity of the agent.

A Form of Application for Administrative Ruling of the P.R.C. Customs is set out in an annex to the Rules.

(b) the time period by which it will issue an advance ruling; and

Laws and Regulations

Article 11 of the Interim Rules of the P.R.C. Customs on the Administration of Advance Rulings stipulates that customs shall issue the Advance Ruling Decision within 60 days from the date of acceptance of the application. The Advance Ruling Decision shall be served on the applicant and shall come into force on the date of service. Where the relevant conditions need to be ascertained by laboratory examination, testing, appraisal, expert argumentation or other means, the time required for such purposes shall not be included in the time limit stipulated in paragraph 1 of this Article.

Article 16 of the Interim Rules of the P.R.C. Customs on the Administration of Administrative Ruling stipulates that the customs should issue an administrative ruling within 60 days from the date of accepting the application. The administrative ruling issued by the Customs should be notified to the applicant in writing and made public.

(c) the length of time for which the advance ruling is valid.

Laws and Regulations

Article 13 of the Interim Rules of the P.R.C. Customs on the Administration of Advance Rulings stipulates that the Advance Ruling Decision shall be valid for three years. If the laws, administrative regulations, customs rules and the relevant provisions of the GACC Announcements, on which the advance ruling decision is based, change and affect its validity, the advance ruling decision shall automatically become void.

Article 17 of the Interim Rules of the P.R.C. Customs on the Administration of Administrative Ruling stipulates that Administrative rulings issued by the Customs shall be uniformly applied within the customs territory of the P.R.C. from the date of promulgation. Article 18 stipulates that if the relevant provisions in the laws, administrative rules and regulations, on the basis of which the customs issues administrative rulings, change and affect the validity of administrative rulings, the original administrative rulings shall automatically become void. The GACC shall regularly publish administrative rulings that automatically become void.

7 Each Member shall provide, upon written request of an applicant, a review of the advance ruling or the decision to revoke, modify, or invalidate the advance ruling.

Laws and Regulations

Article 18 of the Interim Rules of the P.R.C. Customs on the Administration of Advance Rulings stipulates that if the applicant is not satisfied with the decision, he may apply to the GACC for administrative review; if the applicant is not satisfied with the decision of the administrative review, he may institute an administrative lawsuit in a people's court in accordance with the law.

Article 20 of Interim Rules of the P.R.C. Customs for the Administration of Administrative Ruling provides that in cases where a party to import and export activities does not accept a particular administrative action by customs, and objects to the administrative ruling on which such an administrative action is based, then the party, while applying for a review of such particular administrative action, may apply for a review of the

administrative ruling. After receiving the application for review, the customs office processing the review shall transfer the application therein for review of administrative ruling to the GACC, and the GACC shall then issue a review decision.

Paragraph (7), Article 9 of Decree No. 166 of the GACC Rules of the P.R.C. Customs on Administrative Reconsideration provides that in cases where the party concerned objects to a particular administrative action in connection with the assessment of duties and taxes, including the determination by customs of the value, classification and origin of the goods, may apply for an administrative review.

Implementation

The administrative reconsideration system is adequately implemented. However, in cases where the enterprise is in disagreement with an advance ruling or administrative ruling, while the customs has granted the enterprise the right to apply for a review, there has not yet been a case of an enterprise submitting an appeal for review. The enterprise may not have a high awareness of the right of appeal or the enterprise's expectation of winning an appeal is not high.

8 Each Member shall endeavour to make publicly available any information on advance rulings which it considers to be of significant interest to other interested parties, taking into account the need to protect commercially confidential information.

Laws and Regulations

China Customs publishes administrative rulings in the form of public Announcements, and publishes advance rulings on the official website, while providing for the protection of the applicants' business secrets at the same time.

Implementation

The implementation is adequate.

9 Definitions and scope:

(a) An advance ruling is a written decision provided by a Member to the applicant prior to the importation of a good covered by the application that sets forth the treatment that the Member shall provide to the good at the time of importation with regard to:

- (i) the good's tariff classification; and
- (ii) the origin of the good.

(b) In addition to the advance rulings defined in subparagraph (a), Members are encouraged to provide advance rulings on:

(i) the appropriate method or criteria, and the application thereof, to be used for determining the customs value under a particular set of facts;

(ii) the applicability of the Member's requirements for relief or exemption from customs duties;

(iii) the application of the Member's requirements for quotas, including tariff quotas; and

(iv) any additional matters for which a Member considers it appropriate to issue an advance ruling.

(c) An applicant is an exporter, importer or any person with a justifiable cause or a representative thereof.

(d) A Member may require that the applicant have legal representation or registration in its territory. To the extent possible, such requirements shall not restrict the categories of persons eligible to apply for advance rulings, with particular consideration for the specific needs of small and medium-sized enterprises. These requirements shall be clear and transparent and not constitute a means of arbitrary or unjustifiable discrimination.

Laws and Regulations

China Customs clearly stipulates in its rules and regulations regarding advance ruling that the enterprises should submit an application for advance

ruling to the customs within three months before the import or export of goods. The scope of the application for an advance ruling covers the classification, the value and the origin of the goods. Tariff reduction and exemption and tariff quotas are not covered in the scope of advance ruling; according to China Customs, the applicant of an advance ruling shall be the consignee of the imported goods or consignor of exported goods.

ARTICLE 4: PROCEDURES FOR APPEAL OR REVIEW

Highlights and shortcomings-----

1. Relevant laws remained continuous and stable. Relief procedures are better defined.
2. With the promulgation of the new Law of the P.R.C. on Administrative Penalty, it is clearly stipulated that administrative organs may formulate the discretion standards for the determination of administrative penalties and should make them public. However, these have not been published yet.
3. The rate of correction of errors in customs administrative proceedings by the court has been at a low level.

Laws and Regulations

China has already established a relatively sound legal system on administrative procedure and administrative review, mainly including:

Administrative Procedure Law of the P.R.C. (Link 4.1);

Administrative Reconsideration Law of the P.R.C. (Link 4.2);

In accordance with the Administrative Reconsideration Law, China Customs formulated and promulgated Rules of P.R.C. Customs on Administrative Reconsideration (Link 4.3);

Starting from April 20, 2018, applications for the administrative reconsideration of administrative actions taken by the original Entry-exit Inspection and Quarantine Bureau shall be made to the customs, and the AQSIQ will uniformly enforce the law in the name of the China Customs. The former Rules of the AQSIQ on Administrative Reconsideration have been abolished. (Link 4.4)

Implementation

In 2019, customs across the country accepted a total of 224 administrative

reconsideration cases and handled 99 administrative litigation response cases. The rate of error correction in customs reconsideration and litigation was basically the same as in previous years. The main types of cases were administrative penalty, disputes over duties and taxes, information disclosure, and administrative coercion.

In 2020, customs across the country accepted a total of 188 administrative reconsideration cases, handled 77 administrative litigation response cases, and the rate of error correction in customs reconsideration was 18.5%. There were no cases of customs losing in administrative litigation. The main types of cases were administrative penalty, disputes over duties and taxes, information disclosure, and administrative coercion.

In 2021, customs across the country accepted a total of 272 administrative reconsideration cases, handled 103 administrative litigation response cases, and the rate of error correction in customs reconsideration was 6.7%. There were no cases of customs losing in administrative litigation.

In 2022, a total of 381 administrative reconsideration cases were handled by China Customs and a total of 110 cases were handled in response to administrative litigation. The ratio of correction of errors in administrative reconsideration was 16.9 per cent and there were no cases of customs losing in administrative litigation.

General Comment

The customs administrative reconsideration and administrative litigation systems have been fully implemented.

1 Each Member shall provide that any person to whom customs issues an administrative decision⁴ has the right, within its territory, to:

(a) an administrative appeal to or review by an administrative authority higher than or independent of the official or office that issued the decision; and/or

Laws and Regulations

Article 17 of the Rules of P.R.C. Customs on Administrative

Reconsideration provides that in case of an objection to a particular administrative action by a customs office, application shall be filed to a higher-level customs office for administrative review.

In case of an objection to a particular administrative action of the GACC, application shall be filed to the GACC for administrative review. (Link 4.5)

General Comment

The implementation is adequate.

(b) a judicial appeal or review of the decision.

Laws and Regulations

Article 2 of Administrative Procedure Law of the P.R.C. provides that where citizens, legal persons or any other organizations consider that their lawful rights and interests have been infringed upon by an administrative act of an administrative organ or its personnel, they shall have the right to bring a suit before a people's court in accordance with this Law.

The administrative act referred to in the preceding paragraph includes those performed by an organization mandated by laws, rules and regulations. (Link 4.6)

Article 7 of Administrative Reconsideration Law of the P.R.C. provides that where citizens, legal persons or other organizations consider that a particular administrative act of an administrative organ is based on regulations that are illegal, they may, while applying for administrative review of such administrative act, apply to administrative review bodies for review of such regulations. (Link 4.7)

Article 64 of the Customs Law of the P.R.C. stipulates that where the duty payer is involved in a dispute over duty payment with the Customs, he shall pay the duties and taxes and may apply for administrative reconsideration in accordance with the law; if he is still not satisfied with the decision of the reconsideration, he can bring a lawsuit to the People's court in accordance with the law. (Link 4.8)

In Article 74 of the Provisions of the P.R.C. Customs on the Procedures for

Handing Administrative Penalty Cases (Order No. 250 of the GACC), it is stipulated that the Decision on Administrative Penalty shall specify the avenue and time limit for applying for administrative reconsideration or bringing an administrative lawsuit in case the party objects the Decision on Administrative Penalty . (Link 4.9)

Article 31 of Rules of the P.R.C. Customs on Administrative Reconsideration provides that in cases where an applicant considers that a particular administrative act of customs is based on regulations that are illegal, he may, in accordance with the provisions of Article 7 of the Administrative Reconsideration Law, while applying for administrative reconsideration of such administrative act, apply for review of such regulations. (Link 4.10)

Implementation

There were 99 customs administrative litigation cases in 2019, 77 cases in 2020, 103 cases in 2021 and 110 cases in 2022. The parties concerned have a low chance of winning and the rate of correction of customs administrative decisions by the courts is low. However, in the process of the litigation, the rate of cases where the parties settled with the customs and withdrew the the appeal was relatively high. To a certain extent, this is also a form of correcting customs law enforcement through judicial review.

General Comment

The regulations are clear and the implementation is fairly adequate.

2 The legislation of a Member may require that an administrative appeal or review be initiated prior to a judicial appeal or review.

Laws and Regulations

Article 64 of Customs Law of the P.R.C. provides that where the duty payer is involved in a dispute over duty payment with the Customs, he shall pay the duties and taxes and may apply for administrative reconsideration in accordance with the law; where he is still not satisfied with the decision of the reconsideration, he can bring a lawsuit to the People's court in

accordance with the law.

Except for the above-mentioned disputes over duty payment for with the law requires that administrative reconsideration should precede judicial review, for all other matters including customs administrative penalties, information disclosure or compulsory measures, either administrative reconsideration can be filed with the customs or administrative litigation can be directly filed with the court.

General Comment

The regulations are clear, and the implementation is relatively adequate.

3 Each Member shall ensure that its procedures for appeal or review are carried out in a nondiscriminatory manner.

General Comment

China's implementation of its appeal or review procedures is non-discriminatory. Whether it is a company or a natural person, whether it is a Chinese citizen or a foreign citizen, whether it is a Chinese enterprise or a foreign enterprise, whether it is a state-owned enterprise or a private enterprise, the procedures for and rights of appeal or review are the same and discrimination by identity is not an issue.

4 Each Member shall ensure that, in a case where the decision on appeal or review under subparagraph 1(a) is not given either:

(a) within set periods as specified in its laws or regulations; or

(b) without undue delay the petitioner has the right to either further appeal to or further review by the administrative authority or the judicial authority or any other recourse to the judicial authority.

Laws and Regulations

It's stipulated in the Administrative Reconsideration Law of the P.R.C. that:

Article 19 In cases where laws or regulations stipulate that citizens, legal persons or other organizations should apply for administrative reconsideration to the administrative reconsideration organs before they can bring administrative lawsuits before the people's courts when they object to a decision made after administrative reconsideration, if the administrative reconsideration organs decide not to accept the applications or fail to reply within the time limit for administrative reconsideration after they accept the applications, the citizens, legal persons or other organizations may bring administrative lawsuits before the people's courts in accordance with the law from the date they receive the notice that the administrative reconsideration organs decide not to accept their applications or within 15 days from the date when the time limit for administrative reconsideration expires.

Article 20 When an administrative reconsideration organ refuses to accept, without justifiable causes, the application for administrative reconsideration submitted by a citizen, legal person or other organization in accordance with the law, the administrative organ at a higher level shall order it to accept the application; or, when necessary, the administrative organ at a higher level may accept the application directly.

It is stipulated in the Administrative Procedure Law of the P.R.C. that:

Article 45 Any citizen, legal persons or other organization who object to the reconsideration decision may bring a suit before a people's court within 15 days from the date of the receipt of the reconsideration decision. If the administrative organ conducting the reconsideration fails to make a decision on the expiration of the time limit, the applicant may bring a suit before a people's court within 15 days after the time limit for reconsideration expires,

Article 68 of Rules of the P.R.C. Customs on Administrative Reconsideration provides that the customs administrative reconsideration authority shall make an administrative reconsideration decision within 60 days as from the date of acceptance of an application. However, under any of the following circumstances, the time limit may be extended by 30 days upon approval by the person-in-charge of the customs administrative reconsideration authority:

(a) the administrative reconsideration case is a major one, the circumstances of the case are complicated and it is hard to make a decision;

- (b) it is decided that an administrative reconsideration hearing will be held;
- (c) the applicant has agreed to extend the time limit;
- (d) a third party is a participant in the administrative reconsideration; or
- (e) the applicant or a third party concerned has presented new facts or evidence, which require further investigation.

In extending the time limit for reconsideration, the customs administrative reconsideration body shall issue a Notice on Extension of Time Limit for Review of Administrative Reconsideration and serve it on the applicant, the respondent and the third parties concerned.

General Comment

The legal system of administrative reconsideration and administrative litigation in China has explicit and mandatory constraints on the time limit for reconsideration or litigation. The reconsideration body and the judicial body shall not delay the decision on reconsideration or the issuance of a judicial decision at will. In the event of special circumstances or force majeure, a suspension of the proceedings will be applied in accordance with the law, and the reconsideration or judicial proceedings will be restarted once the factors for postponement have been eliminated. At the same time, the law also provides for corresponding remedies for cases where the reconsideration body should accept an appeal but refuses to do so.

The regulations are clear, and the implementation is adequate.

5 Each Member shall ensure that the person referred to in paragraph 1 is provided with the reasons for the administrative decision so as to enable such a person to have recourse to procedures for appeal or review where necessary.

Laws and Regulations

Article 44 of the Law of the P.R.C. on Administrative Penalty stipulates that before making a decision on an administrative penalty, an administrative organ shall notify the party concerned of the content of the administrative penalty to be imposed, and the facts, reasons, and basis thereof, as well as his rights to make a statement, defend himself, and request a hearing and

other rights he enjoys in accordance with the law. (Link 4.11)

Article 66 of the Provisions of the P.R.C. Customs on the Procedures for Handling Administrative Penalty Cases (Order No. 250 of the GACC) stipulates that before deciding to impose or not to impose administrative penalties, the customs shall notify the party concerned of the content of the administrative penalty to be imposed, and the facts, reasons, and basis thereof, as well as his rights to make a statement, defend himself, and request a hearing and other rights he enjoys in accordance with the law. (Link 4.9)

Implementation

Upon making an administrative penalty decision, the customs should specify the facts of the violation as well as the reasons and basis for the penalty in the Decision on Administrative Penalty. In cases where an administrative decision is made on other matters in accordance with the law, customs may also provide the corresponding basis for administrative law enforcement.

General Comment

The implementation is relatively adequate.

6 Each Member is encouraged to make the provisions of this Article applicable to an administrative decision issued by a relevant border agency other than customs.

Implementation

In addition to the customs and its entry-exit inspection and quarantine agency, other border agencies have also established corresponding appeal or review procedures. For example:

It is stipulated in Article 51 of Regulations of the P.R.C. on Foreign Exchange Control that the party having an objection against a specific administrative act of a foreign exchange authority may apply for administrative reconsideration in accordance with the law and can bring an administrative lawsuit to the People's court in case he still has an objection against the decision of administrative reconsideration. (Link 4.12)

It is stipulated in Article 3 of Rules for the Implementation of Administrative Reconsideration of the Ministry of Commerce that any party who has an objection against any of the following specific administrative acts may file an application with the Ministry of Commerce for administrative reconsideration:

- (1) specific administrative acts of the Ministry of Commerce;
- (2) the administrative acts made by an institution dispatched by the Ministry of Commerce in its own name in accordance with laws, regulations or administrative rules;
- (3) specific administrative acts of an organization directly administered by the Ministry of Commerce under laws or regulations. (Link 4.13)

Recommendations

The implementation of the customs administrative reconsideration and litigation system is in good condition. Nevertheless, it should be noted that in exercising their rights to legal remedy, the enterprises might voluntarily give up due to the high cost of resorting to legal remedy, or the exercise of their rights to remedy might result in obstruction or delay in the release of the imported or exported goods, or if the administrative reconsideration and administrative litigation are interfered by non-legal factors that might affect fair ruling. The GACC should take effective measures to eliminate the above-mentioned obstacles that might hamper the ability of importers and exporters to initiate administrative reconsideration and administrative litigation. For example, some customs offices have used such means as increasing inspection rate or the number of audit or investigation to pressurize the enterprises to withdraw their applications for reconsideration and litigation .

In addition, with the promulgation and implementation of the new Law of the P.R.C. on Administrative Penalty, it is clearly stipulated that administrative organs may formulate the discretion standards for the determination of administrative penalties and should make them public. In September 2022 and April 2023, the GACC has twice published the notice for seeking comments on the Discretionary Criteria for Customs

Administrative Penalty (I) and the Discretionary Criteria for Customs Administrative Penalty (II). But so far no formal announcement has been made on the Discretionary Criteria for Customs Administrative Penalty. (Link 4.14)

ARTICLE 5: OTHER MEASURES TO ENHANCE IMPARTIALITY, NON-DISCRIMINATION AND TRANSPARENCY

Highlights and shortcomings-----

1. Since the end of 2021, the GACC has gradually authorized the regional customs offices to handle the quarantine approval of part of imported animals and plants and their products, as well as imported grain and other plant products, significantly reducing the approval time. At the same time, since its trial operation in 2022, the new version of the quarantine approval system for imported animal and plant has optimized the rules for application, enhanced data exchange, achieved automatic validation of the uses of license, and improved the standardization, fairness and informatization of quarantine approval.
2. In the field of verification during the stage of follow-up supervision, China Customs has implemented on a pilot basis the system of acceptance of third-party reports as evidence. On a completely voluntary basis, the third-party reports provided by the enterprise on its own initiative may be accepted as evidence after conformity evaluation.
3. The destination inspection procedure is still not clear enough, and the uniformity of law enforcement needs to be strengthened.

----- *1 Notifications for enhanced controls or inspections*

Where a Member adopts or maintains a system of issuing notifications or guidance to its concerned authorities for enhancing the level of controls or inspections at the border in respect of foods, beverages, or feedstuffs covered under the notification or guidance for protecting human, animal, or plant life or health within its territory, the following disciplines shall apply to the manner of their issuance, termination, or suspension:

(a) the Member may, as appropriate, issue the notification or guidance based on risk;

(b) the Member may issue the notification or guidance so that it applies uniformly only to those points of entry where the sanitary and phytosanitary conditions on which the notification or guidance are based apply;

(c) the Member shall promptly terminate or suspend the notification or guidance when circumstances giving rise to it no longer exist, or if changed circumstances can be addressed in a less trade-restrictive manner; and

(d) when the Member decides to terminate or suspend the notification or guidance, it shall, as appropriate, promptly publish the announcement of its termination or suspension in a non-discriminatory and easily accessible manner, or inform the exporting Member or the importer.

Laws and Regulations

Law of the P.R.C. on Frontier Public Health Quarantine. (Link 5.1)

The Implementation Regulations of the Law of the P.R.C. on Frontier Public Health Quarantine (Approved by the State Council on February 10, 1989 and promulgated by Decree No. 2 of the Ministry of Health on March 6, 1989; amended for the first time in accordance with the Decision of the State Council on Amending the Implementation Regulations of the Frontier Health and Quarantine Law of the P.R.C. on April 24, 2010; amended for the second time in accordance with the Decision of the State Council on Amending Certain Administrative Regulations on February 6, 2016; and amended for the third time in accordance with the Decision of the State Council on Amending Certain Administrative Regulations on March 2, 2019). (Link 5.2)

The Law of the P.R.C. on Entry and Exit Animal and Plant Quarantine. (Link 5.3);

The Regulations for the Implementation of the Law of the P.R.C. on Entry and Exit Animal and Plant Quarantine. (Link 5.4)

The Food Safety Law of the P.R.C. (passed at the 7th meeting of the 11th Standing Committee of the NPC on February 28, 2009 as revised at the 14th

meeting of the 12th Standing Committee of the NPC on April 24, 2015; first amended in accordance with the Decision on Amending Five Laws including the Product Quality Law of the P.R.C. taken at the 7th meeting of the 13th Standing Committee of the NPC on December 29, 2018; amended for the second time in accordance with the Decision on Amending Eight Laws including the Road Traffic Safety Law of the P.R.C., taken at the 28th meeting of the Standing Committee of the 13th NPC on April 29, 2021. (Link 5.5)

The Implementation Regulations of the Food Safety Law of the P.R.C., Order No. 712 of the State Council of the P.R.C. (Link 5.6)

Announcement No. 55 of 2022 of the GACC on the Plant Quarantine Requirements for Fresh Citrus Imported from Zimbabwe. (Link 5.7)

Announcement No. 66 of 2022 of the GACC on the Plant Quarantine Requirements for Fresh Durian Imported from Vietnam. (Link 5.8)

Announcement No. 67 of 2022 of the GACC on the Plant Quarantine Requirements for Dragon Fruit Imported from Ecuador. (Link 5.9)

Announcement No. 68 of 2022 of the GACC on Plant Quarantine Requirements for Fresh Pears Exported from China to Ecuador. (Link 5.10)

Announcement No. 69 of 2022 of the GACC on the Inspection and Quarantine Requirements for Silage Feed Imported from Nepal. (Link 5.11)

Announcement No. 136 of 2022 of the GACC on the Inspection Requirements for Implementing National Food Safety Standard for Import Infant Formula Food, Processed Cheese and Other Products. (Link 5.12)

Announcement No. 2 of 2023 of the GACC on the Quarantine and Health Requirements for Edible Aquatic Animals Imported from Comoros. (Link 5.13)

Announcement No. 16 of 2023 of the GACC on the Quarantine and Health Requirements for Aquatic Animals Imported from Cambodia. (Link 5.14)

Announcement No. 24 of 2023 of the GACC on the Quarantine Requirements for Organic Cultivation Media Plants Imported from Belarus. (Link 5.15)

Announcement No. 32 of 2023 of the GACC on the Quarantine and Health Requirements for Aquatic Feed Imported from Malaysia. (Link 5.16)

Announcement No. 46 of 2023 of the GACC on the Quarantine and Health Requirements for Protein Feed for Terrestrial Animals Imported from Brazil. (Link 5.17)

Announcement No. 54 of 2023 of the GACC on the Quarantine and Health Requirements for Pet Food Imported from Serbia. (Link 5.18)

Announcement No. 77 of 2023 of the GACC on the Plant Quarantine Requirements for Fresh Blueberry Imported from Poland. (Link 5.19)

Announcement No. 78 of 2023 of the GACC on the Quarantine and Health Requirements for Pet Food Imported from Poland. (Link 5.20)

Implementation

China Customs issues Announcements based on risk assessment, making public the level of border control or inspection covering food, beverages or feed, and clarifying relevant quarantine and health requirements.

General Comment

The regulations are clear and the implementation is fairly adequate.

2 Detention

A Member shall promptly inform the carrier or importer in case of detention of goods declared for importation, for inspection by customs or any other competent authority.

Laws and Regulations

Article 42 of Regulations of the P.R.C. Customs on the Implementation of Administrative Penalty, Order No. 420 of the State Council of the P.R.C., provides that: When detaining goods, articles, means of transport, other property or materials such as account books and bills in accordance with the law, the customs shall produce a customs detention ticket, to which the customs officers, the party or his agent, the keeper and the eyewitness shall affix their signatures or seals, and in addition, may affix customs seals. Where a customs seal has been affixed, the party or his agent and the keeper shall take proper care of it. (Link 5.21)

In Article 38 of the Regulations for the Implementation of the Law of the P.R.C. on Import and Export Commodity Inspection, it is stipulated that the GACC and the entry-exit inspection and quarantine agency shall have the right to consult and copy the relevant contracts, invoices, account books and other relevant materials of the parties when conducting supervision and administration or investigating suspected violations of import and export commodity inspection laws and administrative regulations. The entry-exit inspection and quarantine authority may seal off or detain import and export commodities that fail to meet the standards relating to personal and property safety, health, and environmental protection, upon approval by the person in charge in the agency. (Link5.22)

Article 15 of Decree No. 108 of the former AQSIQ Provisions on the Administration of Seal and Detention by Entry-Exit Inspection and Quarantine Authorities (as amended by GACC Decree No. 238) provides that: Decision on Sealing or Detention by Inspection and Quarantine Authorities shall be delivered to the party concerned in a timely manner, who shall sign or stamp the Confirmation of Receipt, and note the date of receipt. (Link 5.23)

Implementation

Customs delivers a notice of detention of goods to the declarant in case customs detains the goods in question.

General Comment

The regulations are clear, and the implementation is adequate.

3 Test Procedures

3.1 A Member may, upon request, grant an opportunity for a second test in case the first test result of a sample taken upon arrival of goods declared for importation shows an adverse finding.

Laws and Regulations

Decree No. 176 of the GACC Rules of the P.R.C. on the Administration of

Customs Laboratory Testing (Link 5.24)

Announcement No. 201 of the GACC of the P.R.C. on the Release of Customs Test Methods in 2018. (Link 5.25)

Decree No. 138 of GACC Rules of the P.R.C. Customs on the Administration of Inspection of Import and Export Goods.(Link5.26)

Article 27 of the Law of the P.R.C. on Import and Export Commodity Inspection provides that: "In the event the applicant for inspection of import and export commodities has objections to the inspection results made by the inspection agency, he may apply for re- inspection to the same commodity inspection agency, the commodity inspection agency of a higher level or even the national commodity inspection agency. The commodity inspection agency or the national commodity inspection agency that accepts the application for re-inspection shall make a conclusion on the re-inspection in a timely manner." (Link 5.27)

Article 5 of Decree No.77 of AQSIQ Rules on Re-test of Imported and Exported Commodities provides that in case the applicant holds objection against the test result made by the competent customs office, he may apply to the competent customs office or the customs office at a higher level or to the GACC for a re-test. The applicant can only apply to the same customs office once for a re-test of the same test result. (Link 5. 28)

Implementation

China Customs grants the opportunity for a second test.

General Comment

The regulations are clear and the implementation is adequate.

3.2 A Member shall either publish, in a non-discriminatory and easily accessible manner, the name and address of any laboratory where the test can be carried out or provide this information to the importer when it is granted the opportunity provided under paragraph 3.1.

Implementation

The State has published the list of officially accredited laboratories and

testing agencies. (Links 5.29, 5.30 and 5.31)

The customs has published test standards and methods. (Link 5.32)

In terms of accepting the test results of third-party laboratories as evidence, the customs has issued the "Rules of the Customs of the P.R.C. on the Administration of Acceptance of Evidence for Import and Export Commodity Inspection". (Link 5.33)

China Customs has piloted the reform of the system of accepting third-party reports as evidence for customs verification in Shanghai, Dalian, Nanjing, Xiamen, Qingdao, Jinan, Guangzhou, Huangpu, Chengdu, and Xining.

General Comment

The implementation is adequate.

3.3 A Member shall consider the result of the second test, if any, conducted under paragraph 3.1, for the release and clearance of goods and, if appropriate, may accept the results of such test.

Laws and Regulations

According to Decree No. 77 of the AQSIQ, the customs shall form a re-test working group within 5 days after accepting the application for re-test. The re-test working group shall review whether the standards and methods used in the original test are correct and comply with relevant regulations. The batch, mark, number, quality, weight, quantity, packaging, and appearance of the goods shall be verified and samples shall be taken according to the re-test plan. The re-test shall be done according to the operating procedures. The result of the re-test shall be reviewed and presented and the result of the original test shall be evaluated. (Link 5.28)

Implementation

As per the rules, both customs and inspection and quarantine authorities may accept the re-test result.

General Comment

The re-test conclusion can be accepted and the implementation is adequate.

ARTICLE 6: DISCIPLINES ON FEES AND CHARGES IMPOSED ON OR IN CONNECTION WITH IMPORTATION AND EXPORTATION AND PENALTIES

Highlights and shortcomings-----

1. In terms of collection of fees and charges, in the context of the government's clear requirements for cutting taxes and administrative fees that were repeatedly stressed, the customs has not collected any administrative fees for many years. Other agencies have issued policies for reducing and merging import and export related taxes and fees and carried out cost supervision and audit, so the overall environment in this regard has been continuously improved.

2. With regard to administrative penalties, progress has been made on “making the discretionary criteria for administrative penalties public”, with the public having been consulted on three occasions regarding the discretionary criteria for administrative penalties.

3. The policy of exemption of administrative penalties for voluntary disclosure is expected to be improved with requirements being further relaxed, content enriched, details clarified and greater benefits delivered.

----- *1 General Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation*

1.1 The provisions of paragraph 1 shall apply to all fees and charges other than import and export duties and other than taxes within the purview of Article III of GATT 1994 imposed by Members on or in connection with the importation or exportation of goods.

1.2 Information on fees and charges shall be published in accordance with Article 1. This information shall include the fees and charges that will be applied, the reason for such fees and charges, the responsible authority and when and how payment is to be made.

Laws and Regulations

It is stipulated in Article 21 of Order No. 7 of the NDRC promulgating the Rules for Government Conduct of Pricing that the pricing authority shall take a decision on pricing in a timely manner. The decision shall specify the following content: (i) the items for pricing and the prices set; (ii) the basis for the pricing; (iii) the implementation time and scope of the pricing; and (iv) the name of the pricing authority that takes the decision and the date of the decision.

It is stipulated in Article 29 that, except for state secrets, the pricing authority shall promptly disclose to the public its decision on pricing. (Link 6.1)

The Notice of the General Office of the State Council on Forwarding the Opinions of the Ministry of Commerce and Other Departments on Expanding Imports to Promote the Balanced Development of Foreign Trade (Notice No. 53 [2018]) requires strict implementation of the publicity system for charging fees, and cleaning up unreasonable import charges. (Link 6.2)

The Notice of the General Office of the State Council on Focusing on Enterprises' Concerns and Further Promoting Implementation of Business Environment Optimization Policies (Notice No. 104 [2018]) requires that all regions conscientiously implement the State Council's decision to reduce compliance costs in the import and export of containers, and promptly formulate and publish a list of port charges. (Link 6.3)

The Ministry of Finance, the GACC, the NDRC, the Ministry of Transport, the Ministry of Commerce, and the State Administration for Market Regulation issued the Work Plan for Cleaning up Port Charges (No. 122 [2018]) requires that, by the end of October 2018, all localities shall publish a list of port charges in their region on the port site and on the website of the port management department. No charges outside the list are allowed. The contents of the list should include the charging bodies, charging items and charging standards. (Link 6.4)

Implementation

In January 2023, Announcement No. 1 [2023] of the NDRC promulgated

the Government Pricing List of Operating Service Charges (Edition 2023) aiming to regulate the operating service charges set by the government. Among them, as far as the operating service charges related to import and export priced by the central government are concerned, the only listed category is “service charges for coastal ports, main ports on the Yangtze River and all other ports open to the outside world”. The list specifies the charging standards, documents (document number) servings as basis for the charges, pricing bodies and competent authorities. (Link 6.5)

The above-mentioned charges are collected in accordance with the Rules for Calculation and Collection of Port Charges (No. 2 [2019]) revised by the Ministry of Transport and the NDRC in March 2019, which stipulates that starting from April 1, 2019, some standards for charges priced by the government shall be reduced, charging items shall be consolidated, and charging behavior shall be regulated. (Link 6.6)

China Customs announces policies on the elimination and suspension of administrative fees on its portal website, and publicizes the operating service charges of public institutions and social organizations under the customs in a centralized manner. (Link 6.7, 6.8)

In February 2021, the GACC website released the publicity of administrative fees, charging information disclosure processing fees in accordance with the Regulations on Disclosure of Government Information and the Notice on the Issuing of Rules Governing the Administration of Information Processing Fees for Disclosure of Government Information (Letter No. 109 [2020] of the General Office of the State Council), and specify the policy basis and charging standard for information disclosure fees. Currently this is the only administrative fee charged by the customs. (Link 6.9, 6.10)

China International Trade Single Window website provides enquiry service for the list of all port charges. (Link 6.11)

General Comment

The implementation is adequate.

1.3 An adequate time period shall be accorded between the publication of new or amended fees and charges and their entry into force, except in urgent circumstances. Such fees and charges shall not be applied until information on them has been published.

Laws and Regulations

In Article 21 of the Rules for Conduct of Government Pricing, it is stipulated that the government's price-setting decision shall specify the execution time and scope of the price.

Implementation

The import and export related service charges of coastal ports, major ports on the Yangtze River trunk line, and all other ports open to the outside world were revised on March 13, 2019 in accordance with the Rules for Calculation and Collection of Port Charges, and were released on March 18 and implemented on April 1.

The Customs charges information disclosure processing fees on the basis of the Regulations on Disclosure of Government Information, which came into effect on May 15, 2019, and the Rules Governing the Administration of Information Processing Fees for Disclosure of Government Information, which was released on December 1, 2020 and came into effect on January 1, 2021.

General Comment

The implementation is adequate.

1.4 Each Member shall periodically review its fees and charges with a view to reducing their number and diversity, where practicable.

Laws and Regulations

In Article 23 of the Rules for Conduct of Government Pricing, it is stipulated that after the price-setting decision is implemented, the pricing authority shall conduct follow-up investigation and monitoring of the implementation of the decision, and conduct post-implementation evaluation in a timely

manner.

It is stipulated in Article 24 that after the price setting decision is implemented, if the basis for the pricing changes significantly, the pricing authority shall adjust the price in a timely manner.

Order No. 8 of the NDRC promulgated the Rules for the Supervision and Audit of the Costs for Pricing by the Government, which stipulates in Article 7 that cost supervision and audit includes two forms: pre-pricing supervision and audit and regular supervision and audit. It also stipulates that the interval between regular supervisions and audits shall not be less than one year. (Link 6.12)

The NDRC issued the Notice of the NDRC on Further Cleaning up and Regulating Government Pricing and Service Charges (No. 798 [2019]), which required the reduction of the scope of government pricing and the level of pricing items, standardization of pricing bodies and the method for formulating charging standards, and regular follow-up investigation, monitoring and evaluation of policy implementation through self-evaluation and third-party evaluation. (Link 6.13)

The Notice of the General Office of the State Council on the Issuing of the Plan for the Allocation of the Key Tasks Determined at the National Video Teleconference on Deepening the Reforms to "Delegate Power, Streamline Administration and Optimize Government Services" and Optimizing the Business Environment Nationwide (No. 43 [2020]) requires to carry out a special governance inspection on charges related to enterprises in such fields as port logistics before the end of 2020. (Link 6.14)

The Opinions of the General Office of the State Council on Supporting Efforts to Ensure Stability on Six Fronts and Maintain Security in Six Areas and Further Improving the Work Related to the Reforms to "Delegate Power, Streamline Administration and Optimize Government Services" (No. 10 [2021]) requires the cleaning up and standardization of port charges, including speeding up the revision of the Rules for Calculation and Collection of Port Charge, further improving policies on port charges and reducing and merging port charges. It emphasizes that no fee shall be charged outside the list of port charge items. At the same time, for the

government's cost-based pricing items, cost supervision and audit or cost investigations should be carried out to adjust the charging standards in time; for the charging items with market-based pricing and the corresponding charging bodies, typical cost investigations should be conducted to provide basis for proper regulation of fees and charges. (Link 6.15)

Implementation

Since 2008, the Ministry of Finance, the NDRC, and the Customs have successively eliminated or suspended all administrative charges collected by the Customs in relation to import and export. Starting from January 1, 2021, information disclosure processing fees will be collected in accordance with the Regulations on Disclosure of Government Information and the Rules Governing the Administration of Information Processing Fees for Disclosure of Government Information. Currently this is the only administrative fee charged by the customs.

The Rules for Calculation and Collection of Port Charges makes specific provisions on reducing certain charges subject to government pricing, merging charging items, and standardizing charging behaviors. The Rules also call for enhanced supervision, urging port operators and related units to conduct self-examination and self-correction, provide smooth reporting channels by publishing telephone numbers for reporting, deal with reported problems in a timely manner, and encourage enquiry and complaints on related issues via 12328 hotline. The Rules are valid for 5 years. The Ministry of Transport and the NDRC will improve relevant policies in a timely manner in accordance with their implementation and market changes.

In response to the impact of the COVID-19 pandemic, the State Council Executive Meeting decided on March, 2020 to waive import and export cargo port construction fees from March 1 to June 30, and reduce government priced charges such as cargo port charges and port facility security fees by 20%. In June, the implementation period of the policy of exempting import and export cargo port construction fees and halving the levy of the compensation fund for vessel-induced oil pollution damage was extended to 24:00 on December 31, 2020.

The NDRC, the Ministry of Finance, the Ministry of Transport, the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission, the GACC, and the State Administration for Market Regulation jointly issued the Notice on the Issuing of the Action Plan for Cleaning up and Regulating Maritime Port Charges (No. 1235 [2020]). It demands that by 2022, a science-based, standardized and transparent fee collection mechanism be basically established, port service efficiency be further raised, business environment be significantly improved, and import and export compliance costs be significantly reduced. It demands further reduction and merging of port charges, studies be conducted on incorporating port facility security charges into port operation leasing fees; targeted reduction of the pilotage fees of coastal ports, and further expansion of the scope of ships for which the shipowners autonomously decide whether to use tugboats; conduct of studies on how to move the reform of cargo port charges forward; revision of the Rules for Calculation and Collection of Port Charges according to changes in the situation; and studies be conducted to clarify the relevant policies after the end of the collection period of port construction fee in 2020. (Link 6.16)

The Announcement on Eliminating Port Construction Fees and Adjusting Related Policies regarding the Civil Aviation Development Fund (No. 8 of 2021 of the Ministry of Finance) made it clear that port construction fees will be eliminated from January 1, 2021. (Link 6.17)

The GACC, the NDRC, the Ministry of Finance, the Ministry of Transport, the Ministry of Commerce, the Health Commission, the State Administration of Taxation, the State Administration of Market Regulation, State Railway Administration and the Civil Aviation Administration jointly issued the Notice on Further Deepening the Reform of Cross-Border Trade Facilitation and Optimizing the Port Business Environment (No. 85 [2021] of the GACC), which requires cleaning up and standardization of port charges, optimization of the charging publicity system and charging service model, and intensifying the supervision and inspection of charges relating to import and export, so as to further reduce the cost of importation and exportation. (Link 6.18)

In September 2021, the General Office of the NDRC issued the Notice on

Conducting Supervision and Audit of Costs for Pricing of Pilotage (No. 727 [2021]). In accordance with the relevant provisions of the Rules for the Supervision and Audit of Costs for Pricing by the Government and the Action Plan for Cleaning up and Regulating Maritime Port Charges, the General Office of the NDRC decided to carry out the supervision and audit of the costs for the pricing of pilotage (for shifting berthing) service charges of all pilotage agencies all over the country from 2018 to 2020. (Link 6.19)

In February 2022, the Ministry of Transport and the NDRC jointly issued the Notice on Reducing and Merging Port Charges and Other Related Matters (No. 26 [2022]), which stipulates that from April 1, the government pricing of port facility security fees will be eliminated, and the pilotage (shifting berthing) fee will be reduced. (Link 6.20)

General Comment

Although the laws and regulations do not specifically stipulate a system for regular examination of the number and types of fees and charges for import and export, regular cost supervision and audit are uniformly carried out for the fees and charges priced by the government. At the same time, various agencies have repeatedly taken effective measures to eliminate, suspend or reduce import and export related fees and charges. The implementation is quite adequate.

2 Specific disciplines on Fees and Charges for Customs Processing Imposed on or in Connection with Importation and Exportation

Fees and charges for customs processing:

(i) shall be limited in amount to the approximate cost of the services rendered on or in connection with the specific import or export operation in question; and

(ii) are not required to be linked to a specific import or export operation provided they are levied for services that are closely connected to the customs processing of goods.

Implementation

Currently, China Customs only levies charges for delayed declaration and delayed payment, and only levies one administrative charge, which is information disclosure processing fees.

Among the nine operating service charges publicized by public institutions and social organizations under China Customs, eight use market-adjusted prices as the charging standard, and one uses government-managed prices and market-adjusted prices as the charging standards.

General Comment

The implementation is adequate.

3 Penalty Disciplines

3.1 For the purpose of paragraph 3, the term "penalties" shall mean those imposed by a Member's customs administration for a breach of the Member's customs laws, regulations, or procedural requirements.

3.2 Each Member shall ensure that penalties for a breach of a customs law, regulation, or procedural requirement are imposed only on the person(s) responsible for the breach under its laws.

Laws and regulations

Article 59 of the Law of the P.R.C. on Administrative Penalty stipulates that to impose an administrative penalty in accordance with the provisions of Article 57 of this Law, an administrative organ shall prepare a written decision on the administrative penalty. A written decision on the administrative penalty shall specify the following particulars: 1. The name or title, and address of the party concerned; 2. The facts and evidence of the violation of law, administrative regulations or government rules... (Link 6.21)

Article 33 of the Regulation of the P.R.C. Customs on the Implementation of Administrative Penalty stipulates that when a citizen, legal person or

other organization is found to commit an act for which the customs should impose administrative penalty in accordance with the law, the customs shall initiate an investigation. (Link 6.22)

Decree No. 250 of the GACC promulgated the Provisions of the P.R.C. Customs on the Procedures for Handling Administrative Penalty Cases, setting out the general provisions regarding customs handling of administrative penalty cases, investigation, administrative penalty decisions, hearing procedures, simplified procedures and expeditious handling, and procedures for the execution of penalty decisions. Article 71 stipulates that in making administrative penalty decisions, the customs shall ensure that the facts of the violation are clearly identified, the evidence for the conviction is conclusive and sufficient, the determination of the violation is accurate, the application of the law is correct, the procedures for handling the case are legal, and the penalty is reasonable and appropriate. If the facts of the violation are unclear and the evidence is insufficient, no administrative penalty shall be imposed. (Link 6.23)

General Comment

The regulations are clear, and the implementation is adequate.

3.3 The penalty imposed shall depend on the facts and circumstances of the case and shall be commensurate with the degree and severity of the breach.

Laws and regulations

The Notice of the State Council on Further Implementing the Law of the P.R.C. on Administrative Penalty (Notice No. 26 [2021]) clearly requires all regions and departments to comprehensively implement the benchmark system of administrative discretion, standardize the discretion of administrative penalty, ensure that the penalty imposed is commensurate with the breach and prevent the imposition of penalty from being overly light or overly severe. (Link 6.24)

In August 2022, the General Office of the State Council issued the Opinions on Further Standardizing the Formulation and Management of Benchmarks

of Administrative Discretion (Notice No. 27 [2022]), which requires that by the end of 2023, the benchmark system of administrative discretion should be generally established, basically realizing the institutionalization of administrative discretion standards, the standardization of behavior, and the management in a more scientific manner, and ensure that administrative organs have detailed and quantitative law enforcement standards in the specific administrative law enforcement process; that the boundary of administrative discretion is clear; that the acts of administrative penalty, administrative licensing, administrative expropriation, administrative confirmation, administrative supply, administrative coercion, administrative inspection are effectively standardized; and that the quality and efficiency of administrative law enforcement are significantly improved, and public satisfaction is significantly improved. (Link 6.25)

Article 62 of the Provisions of the P.R.C. Customs on the Procedures for Handling Administrative Penalty Cases stipulates that the customs may formulate the benchmarks of administrative discretionary penalty in accordance with the law and regulate the exercise of administrative penalty discretionary powers. The benchmarks of administrative discretionary penalty should be announced to the public.

Implementation

In October 2022, April 2023 and August 2023, China Customs consulted extensively with the public on three drafts (I, II and III) of the "Discretionary Criteria for Administrative Penalties of the Customs of the P.R.C." The drafts distinguish among five levels of penalty treatment, namely, exemption of penalties, reduced penalties, light penalties, general penalties and heavy penalties, specifying the margins of penalties. Therefore, progress has been made in formulating and publishing the discretionary criteria for administrative penalties, although they have yet to be formally published. (Link 6.26, 6.27, 6.28).

General Comment

The regulations are clear. The implementation is adequate in that the

penalties imposed are based on facts and circumstances and commensurate with the degree of severity of the violation. The discretionary criteria for the imposition of administrative penalties remain to be formally published.

Recommendations

It is suggested that the benchmarks for administrative discretionary penalties should be published as soon as possible to enhance the transparency of law enforcement.

3.4 Each Member shall ensure that it maintains measures to avoid:

(a) conflicts of interest in the assessment and collection of penalties and duties; and

(b) creating an incentive for the assessment or collection of a penalty that is inconsistent with paragraph 3.3.

Laws and Regulations

It's stipulated in Article 63 of Regulations of the P.R.C. Customs on the Implementation of Administrative Penalty that smuggled goods or articles, the illegal gains, means of transport and equipment specially made for smuggling, which the People's Court makes a judgement to confiscate or which the customs decides to confiscate or seize, shall all be disposed of by the customs in accordance with the law, and the income thus obtained and the fine imposed by the customs shall all be turned over to the State Treasury.

General Comment

The regulations are clear and the implementation is adequate.

3.5 Each Member shall ensure that when a penalty is imposed for a breach of customs laws, regulations, or procedural requirements, an explanation in writing is provided to the person(s) upon whom the penalty is imposed specifying the nature of the breach and the applicable law, regulation or procedure under which the amount or range of penalty for the breach has been

prescribed.

Laws and Regulations

The Regulation of the P.R.C. Customs on the Implementation of Administrative Penalty and the Provisions of the P.R.C. Customs on the Procedures for Handling Administrative Penalty Cases clearly stipulate the penalty procedures.

General Comment

The system is sound, and the implementation is adequate.

3.6 When a person voluntarily discloses to a Member's customs administration the circumstances of a breach of a customs law, regulation, or procedural requirement prior to the discovery of the breach by the customs administration, the Member is encouraged to, where appropriate, consider this fact as a potential mitigating factor when establishing a penalty for that person.

Laws and Regulations

It is stipulated in Article 26 of the Regulations of the P.R.C. on Customs Audit that where enterprises directly related to the importation and exportation of goods voluntarily report to the customs their violations of customs supervision and control regulations and accept the corresponding customs decisions, they shall be subject to lenient treatment or reduced administrative penalties. (Link 6.29)

Chapter 4 of the Rules on the Implementation of the Regulations of the P.R.C. on Customs Audit provides for the system of voluntary disclosure. (Link 6.30)

The Rules of the P.R.C. Customs on the Credit Management of the Registered and Recorded Enterprises Article 37 stipulates that where the enterprise's voluntary disclosure of an act was subject to a treatment of no more than a warning by the Customs or a fine below a specified amount by the GACC, such act shall not be taken into account as record for customs certification of the credit status of the enterprise. (Link 6.31)

According to Announcement No. 54 [2022] of the GACC Announcement on Voluntary Disclosure of Violations Related to Duties and Taxes, where import and export enterprises voluntarily disclose violations related to duties and taxes before being found by customs and have corrected the violations in a timely manner in accordance with the requirements of the customs, the specific circumstances are clearly stipulated for such corresponding treatment as waiver of administrative penalty and application for reduction or exemption of charges on deferred payment. It is also stipulated that where the import and export enterprise voluntarily discloses an act that is subject to a treatment of no more than a warning or an administrative penalty of less than 1 million yuan imposed by the customs, such act shall not be taken into account as record for customs certification of the credit status of the enterprise. In the case of an advanced certification enterprise that voluntarily discloses a violation related to duties and taxes, the customs does not suspend the corresponding management measures applicable to such enterprise during the investigation period. (Link 6.32)

In June 2023, the GACC publicly solicited comments on the GACC Announcement on Matters Relating to the Handling of Voluntary Disclosure of Non-compliance (Exposure Draft). The Draft further expands the scope of application of voluntary disclosure, extends the time limit for voluntary disclosure and relaxes the conditions under which the "same" violation of customs regulations may be voluntarily disclosed again to the customs. The validity period of the Announcement is also extended from one and a half to two years. (Link 6.33)

General Comment

The customs has established a voluntary disclosure system and clearly announced the circumstances where waiver of penalty will be granted for voluntary disclosure of violations related to payment of duties and taxes, although this has not yet achieved significant results. Announcement No.54 of 2022 of the GACC is valid from July 1, 2022 to December 31, 2023 and the Announcement for seeking comments still maintains the practice of specifying an expiry date, making it difficult for the parties concerned to

have reasonable expectations for the continuity and stability of the policy.

Recommendations

1. Improve and implement relevant specific systems for voluntary disclosure as early as possible to enhance the predictability of the consequences of voluntary disclosure.
2. Improve the continuity and stability of the policy of not imposing administrative penalty and exempting charges for deferred payment for voluntary disclosure of violations related to duties and taxes, and further expand the coverage of the policy of such treatment as not imposing penalty for voluntary disclosure.
3. Promptly publish data and cases regarding voluntary disclosure to promote voluntary disclosure by the parties concerned.

3.7 The provisions of this paragraph shall apply to the penalties on traffic in transit referred to in paragraph 3.1.

Implementation

The Regulations of the P.R.C. Customs on the Implementation of Administrative Penalty also apply to transit goods.

General Comment

The implementation is adequate.

ARTICLE 7: RELEASE AND CLEARANCE OF GOODS

Highlights and shortcomings-----

1. The rate of import and export declaration in advance to China Customs is only reported sporadically, and no systematic public disclosure mechanism has yet been formed.
2. China International Trade Single Window now covers 38 of the 41 types of regulatory documents that need to be verified in the import and export process, making significant progress. However, customs fines still cannot be paid through the single window.
3. China has made internationally recognized achievements with the construction of single window and the promotion of paperless trade in the domestic setting and has been pushing forward cross-border paperless trade. China has been playing a leading role in cross-border Joint Electronic Origin Verification and has exchanged electronic certificate of origin with 11 FTA partners. China has also been exchanging electronic sanitary and phytosanitary certificates with 4 countries. There remains much room for improvement.
4. The guarantee mode of "one guarantee for multiple purposes" simplifies the guarantee handling process and helps improve the efficiency of customs clearance. However, how to implement the guarantee exemption policy for Advanced Certified Enterprises needs to be further clarified.
5. The method of collecting data relating to customs clearance time is not transparent. How to eliminate irrelevant time and how to calculate gross time and net time need to be clarified. The evaluation indicators of port clearance efficiency also need to distinguish different modes of transport and supervision, so as to increase the comparability of statistical results. The overall customs clearance time of each province has not been announced regularly.
6. The facilitation measures for Advanced Certified Enterprises continue to

increase, but some are not fully implemented in actual operation, and the overall level of satisfaction of Advanced Certified Enterprises is still not high enough.

7. The release of the "Rules governing the Implementation of Customs Risk Management (Draft for Comments)" shows that China Customs is accelerating the establishment of a risk management system and optimizing the risk management process.

1 Pre-arrival Processing

1.1 Each Member shall adopt or maintain procedures allowing for the submission of import documentation and other required information, including manifests, in order to begin processing prior to the arrival of goods with a view to expediting the release of goods upon arrival.

Laws and Regulations

China Customs enforced Decree No. 172 of the GACC Rules of the P.R.C. Customs on the Administration of Manifests of Inbound and Outbound Means of Transport on 1 January, 2009. Article 9 provides that the party responsible for the transmission of the manifest shall transmit to customs other data of the original manifest before the goods or articles arrive at the port of destination. Only after customs has received and accepted the transmitted main data of the original manifest may consignees and entrusted customs brokers make declaration to customs regarding the goods or articles. (Link 7.1)

On December 20, 2017, the GACC issued Decree No. 235 on the Promulgation of the Decision of the GACC on the Amendment to Certain Regulations. Article 20 makes the following amendment to Decree No. 172 of GACC: iv. Amend Article 18 as follows: "Customs may carry out inspection and release formalities for diverted goods or articles under port congestion diversion upon the submission of the arrival report." This article eliminates the requirement that formalities for inspection and release of imported or grouped goods and articles should be carried out only after the

tally report is submitted. (Link 7.2)

On January 31, 2018, the Department of Supervision and Control of the GACC issued Notice No. 45 [2018] Notice on Clarifying Amendments to the Rules for the Release of Customs Declaration Form of Imported Goods in which the “normal tally” sign for processing the original manifest is adjusted to the “confirmed report” sign in the release of customs declaration form of imported goods. (Link 7.3)

On 22 October 2014, the GACC released Announcement No. 74 on Clarifying the Administrative Requirements for Advance Declaration of Imported and Exported Goods. Article 1 provides that the consignor or consignee or the entrusted customs broker who declares in advance shall first obtain data of the bill of lading or the manifest. Advance declaration of imported goods shall be filed to customs after the departure of the inbound means of transport carrying the goods in question and prior to their arrival at the premise of customs control; advance declaration of exported goods shall be filed to customs within three days prior to the arrival of the goods in question at the premise of customs control. (Link 7.4)

Some local customs offices also began to issue specific details on the operation of advance declaration within their jurisdiction on the basis of Announcement No. 74 of the GACC, for example, Shanghai Customs and Changsha Customs, although they are mainly implemented in the field of export. (Links 7.5 and 7.6)

On August 9, 2018, Xiamen Customs issued an article entitled Practical Tips□Matters Needing Attention in Advance Declaration of Imported Goods through its WeChat public account. For the first time, the key points and precautions in procedures for advance declaration of goods imported by sea was clearly explained. (Link 7.7)

On August 23, 2018, Shanghai Customs published an article entitled Attention! Mode of Advance Declaration of Imported Goods through its WeChat public account, which clearly elaborates on the advance declaration of imported goods in detail. (Link 7.8)

On August 31, 2018, Shanghai Port Office issued the Notice on Comprehensively Promoting the Acceleration of Goods Declaration and

Reduction of Overall Clearance Time of Imported Goods at Shanghai Port (Notice No. 50 [2018]), proposing “comprehensively promoting ‘advance declaration’ of imported goods to cover all sea and air cargo (including diverted cargo), all credit enterprises and all types of customs clearance”. (Link 7.9)

In the first half of 2019, more and more local customs offices issued notifications to implement the "declaration in advance, inspection and release upon arrival" mode for exported goods, and the scope of implementation of advance declaration of maritime exported goods has been expanding, involving customs in Xiamen, Tianjin, Shanghai, Ningbo, Huangpu and Shijiazhuang. (Link 7.10-7.13)

On March 20, 2019, the GACC issued Letter (2019) No. 107 Notice on Further Defining the Work Related to the "Voluntary Disclosure" System and Fault Tolerance Mechanism to further clarify that “no customs declaration errors shall be recorded when the import date is modified under 'advance declaration', or when the change of the means of transport of the goods is caused by loading and stowage.” Where import and export enterprises apply the "advance declaration" mode and voluntarily report in writing their violations of customs supervision and control regulations and accept the corresponding customs decisions, they shall be subject to lenient treatment or reduced penalty or exempted from penalty in accordance with the law. Since then, all the regional customs offices directly under the GACC have publicly announced this Notice to enterprises. For example, Shanghai Customs issued Announcement No. 4 of 2019 on the Review of Records of Customs Declaration Errors. (Link 7.14)

In April 2019, the GACC made proposals to improve the advance declaration system in the 2020 Customs Framework Plan for Comprehensive Deepening of Business Reform: to strengthen coordination with relevant port departments and operating bodies, promote direct pick-up upon unloading (shipside pick-up) of imported goods, improve the management of the advance declaration of exports, and realize direct loading upon arrival of exports at eligible ports.

From January 1, 2020, the "two-step declaration" model has been fully

promoted throughout China, which creates further favourable conditions for the advance declaration of imported goods; the first-step declaration requires only the declaration of the summary information of the 9+2+N items, which allows the importer to make an advance summary declaration without being able to obtain sufficient declaration information.

Implementation

The system is well-established and fully implemented. At present, the mode of "advance declaration" has become the norm adopted by import and export enterprises. In case the relevant information is subsequently modified in an advance customs declaration form, no customs declaration errors will be recorded, thus eliminating the concerns of the enterprises. However, in the actual implementation by local customs, the rate of advance declarations of imports and exports has become one of the customs KPI assessment indicators. In order to increase the rate of advance declarations, some local customs offices reject the declarations that fail to be made in advance by enterprises due to factors out of their control and forbid such declarations to be made locally and even require the goods concerned to be returned. These measures increase the cost of enterprises and go against the original intention of implementing the "advance declaration" policy. "Advance declaration" should be an option for the enterprises' independent choice based on their own conditions and the conditions of the goods, and should not be made mandatory by the customs on the enterprises in order to fulfil its performance indicators. In this regard, it is suggested that the GACC give clear instructions to prevent local customs offices from actually increasing the cost of import and export enterprises and complicating customs clearance procedures in pursuing the increase of the advance declaration rate. Furthermore, Article 6 of Announcement No. 74 provides that "imported goods under advance declaration should be subject to the tariff and exchange rate applicable on the date of the declaration for entry of the means of transport carrying the the goods". Accordingly, enterprises may have to face the tariff and exchange rate changes at the time of the declaration for entry of the means of transport and go through complex

operations of duty and tax refund or recovery as per the actual situation. Regarding direct pick-up upon unloading (shipside pick-up) of imports and direct loading upon arrival of exports, local customs offices have repeatedly reported on them since March 2020 (Link 7.15-7.19). The WeChat public account "Pingshuoguanshi" has also investigated them in detail. (Link 7.20) In recent years, local customs and terminals have worked together to continuously improve the "direct pick-up and direct loading" model through technical means. For example, Shenzhen Customs and port terminals share dynamics ship arrival and departure information and use various service platforms to realize information visualization and transparency, support the intelligent management and control of ships at the port, and help improve the efficiency of the customs clearance of the ships. China Customs also continued to promote and optimize the paperless processing of "direct pick-up and direct loading" business. (Link 7.21)

The rate of import and export declaration in advance of China Customs is only reported sporadically, and no institutional public disclosure mechanism has yet been formed. For example, in the letter of Nanning Customs on May 10, 2022 on Comments on the Handling of Proposal No. 20220099 of the Fifth Session of the Twelfth CPPCC of the Guangxi Zhuang Autonomous Region, it was mentioned that "(at Beibu Gulf Port in 2021) the annual advance declaration rate of imports and exports reached 84.86% and 68.04% respectively." (Link 7.22) For another example, on February 8, 2022, Nanchang Customs mentioned in its 2021 Work Summary (abstract) that both the "two-step declaration" rate and the "advance declaration" rate of imports are ranked top 1 in China. (Link 7.23)

Recommendations

1. The rate of advance declaration of imports and exports cannot simply be used as a performance indicator for customs KPI assessment. The effect of the advance declaration should be assessed on the basis of the actual customs clearance experience of the majority of import and export enterprises as the most important criterion.
2. Direct pick-up upon unloading (sideship pick-up) of imports and direct

loading upon arrival of export are highly idealized operation modes, which are difficult to implement and unsuitable for promotion on a large scale; compared to these modes, a more practical optimization measure is to separately handle the flow of goods requiring inspection and those not requiring inspection at import and export ports .

3. It is suggested to add information query functions such as the logs of the process of release and customs clearance of the goods, time nodes, worker nodes, and the customs contact information at each point in the China International Trade Single Window.

1.2 Each Member shall, as appropriate, provide for advance lodging of documents in electronic format for pre-arrival processing of such documents.

Implementation

China Customs has put in place a comprehensive automatic customs clearance system. Manifests and declaration documents for imported and exported goods may all be submitted in electronic format. Since January 1, 2019, the operation of amending the manifests and related electronic data has also become paperless.

In 2018, China Customs also promoted the computerization of some documents after the integration of inspection and quarantine into the GACC. (Link 7.24)

On October 9, 2018, the Ministry of Commerce and the GACC jointly issued Announcement No. 82 of 2018 on the Application for Import License of Goods and Paperless Customs Clearance Operation. (Link 7.25)

On October 29 and 30, 2018, the GACC issued 9 consecutive Announcements (Announcement Nos. 145-153 of 2018) to realize online verification of 21 kinds of networked documents. (Link 7.26)

On November 5, 2018, People's Daily Online (www.people.com.cn) reported that the online verification of import and export regulatory documents would achieve full coverage as of November 1. (Link 7.27)

On December 4, 2018, the GACC promulgated Announcement No. 180 of 2018 on the Full Launching of Paperless Operation of Amending Manifest

and Related Electronic Data. (Link 7.28)

On December 10, 2018, the GACC issued Announcement No. 193 of 2018 on the Full Implementation of Paperless Customs Transit Operations. (Link 7.29)

On March 25, 2019, the GACC and the National Medical Products Administration (NMPA) jointly issued Announcement No. 56 of 2019 on the Expansion of Online Verification of Three Regulatory Documents, including Notice of Customs Clearance for Imported Drugs. (Link 7.30)

On December 10, 2021, the National Office of Port Administration announced that from December 9, 2021, except for special circumstances, all 38 regulatory documents involved in the import and export process can be accepted through the International Trade Single Window. (Link 7.31)

By the end of 2021, there are 41 types of import and export regulatory documents that need to be verified. Except for three types of documents, namely, the approval form for audio-visual products (copyright for introduction), the military products export license, and the certificate issued by foreign official institutions for imported products, which have not been networked, the remaining 38 types of regulatory documents can be applied for and processed online through the Single Window, and online verification has been achieved. (Link 7.32)

General Comment

The implementation is adequate.

2 Electronic Payment

Each Member shall, to the extent practicable, adopt or maintain procedures allowing the option of electronic payment for duties, taxes, fees, and charges collected by customs incurred upon importation and exportation.

Laws and Regulations

In March 2011, the GACC released Announcement No. 17 on the Launching of Electronic Payment Operations for Customs Duties and Taxes, specifying

that a third-party payment system will undertake the payment operation for customs duties and taxes at the enterprise end. (Link 7.33)

On January 14, 2014, the GACC issued Announcement No. 6 of 2014 on Recordation for Electronic Payment of Tonnage Dues for Inbound and Outbound International Shipping Agents, making it clear that tonnage dues may be paid electronically (e-port). (Link 7.34)

On September 19, 2017, the GACC issued Announcement No. 44 which simplifies the electronic payment process of customs duties and taxes, adjusts the steps for payment deduction, eliminates the operation of triggering the payment deduction by customs' on-the-spot printing of the Memo for Duty Payment, which is changed to automatic sending of the payment deduction notice via the customs business system following the successful payment reduction. The system will then automatically release those declarations that meet the conditions for release. Thereby it further improves the customs clearance efficiency and reduces the clearance cost of enterprises. (Link 7.35)

On January 16, 2018, the GACC promulgated Announcement No. 10 on the Pilot Reform of the Printing of Customs Payment Memo, deciding to carry out Pilot Reform of the Printing of Customs Payment Memo in Shanghai Customs and Nanjing Customs from January 19, 2018. Enterprises can use the “Internet + Customs” Integrated Online Service Platform (<http://online.customs.gov.cn>) to print the Customs Payment Memo. (Link 7.36).

On June 27, 2018, the GACC issued Announcement No. 74 on Promoting the New Generation of Customs Electronic Payment System for Duties, Taxes, Fees and Charges, deciding to promote the new generation of online payment system for customs duties, taxes fees and charges nationwide from July 1, 2018. (Link 7.37)

On July 24, 2018, the GACC, the Ministry of Finance, State Administration of Taxation and the National Archives Administration jointly issued Announcement No. 100 of 2018 on the Pilot Reform of the Printing of Customs Payment Memo, deciding to expand the scope of the pilot reform of the printing of the Customs Payment Memo from August 31, 2018. Enterprises can download the electronic Customs Payment Memo through

functions under “I want to search” on the “Internet + Customs” integrated online service platform. (Link 7.38)

On September 14, 2018, the GACC issued Announcement No. 117 of 2018 on the Discontinuation of the Original Customs Electronic Payment System for Duties, Taxes, Fees and Charges, deciding to discontinue the operation of the original electronic payment system as of October 1, 2018. (Link 7.39)

On September 29, 2018, the GACC issued Announcement No. 122 on Expanding the Scope of Application of the New Generation of Customs Electronic Payment System for Duties, Tax, Fees and Charges, deciding to extend the types of payment supported by the new generation of customs electronic payment system for duties, taxes, fees and charges to tonnage dues, guarantee for duties and taxes, and fees on delayed declaration from October 1, 2018. (Link 7.40)

On November 16, 2018, the GACC issued Announcement No. 169 on the Comprehensive Promotion of the Reform of the Printing of the Customs Payment Memo. All import and export enterprises having paid the duties and taxes online can download the Customs Payment Memo directly through the "Internet + Customs" or the standard version of the International Trade Single Window . (Link 7.41)

On June 27, 2019, Liaoning E-port issued the Operational Guide for Customs Declaration Enterprises to Print Electronic Memo for Duty Payment on Others' Behalf, allowing consignees and consignors to use their legal person cards to authorize the customs declaration enterprises to print the fixed-layout Memo for Duty Payment. (Link 7.42)

On January 17, 2020, the GACC issued the Announcement No. 10 of 2020 on Electronicization of Bills for Payment of Charges for Delayed Declaration. From the same day onwards, the customs would use the Uniform Bill for Central Non-tax Revenue when collecting the charges for delayed declaration of imported goods from the consignees of imported goods, to be printed by the consignee of imported goods through the standard version of the International Trade Single Window and "Internet + Customs". (Link 7.43)

On June 15, 2021, the GACC issued Order No. 250 on the Publication of the

Rules of the P.R.C. Customs on the Procedures for Handling Administrative Penalty Cases. Article 107 stipulates that if the customs makes a decision on fines, the parties concerned shall pay the fines at the designated bank or through the electronic payment system within 15 days from the date of receipt of the administrative penalty decision. (Link 7.44) However, in practice customs fines cannot be paid through the single-window electronic payment system yet.

On July 15, 2022, the GACC issued Announcement No. 61 on Clarifying the Time Limit for Paying Duties and Taxes on Imported and Exported Goods, further clarifying that the customs shall issue the notice of duty and tax payment and send it to the taxpayers through the Single Window and "Internet + Customs" platforms. It also clarifies the time limit under different duty and tax payment modes. (Link 7.45)

Implementation

The types of duties, taxes, fees and charges that can be paid using the online payment system realized by customs include: import and export duties, anti-dumping duties, countervailing duties, taxes collected on imports on behalf of other agencies, fund for disposing electric and electronic waste, interest on deferred payment, charge on deferred payment, tonnage dues, guarantees for duties and taxes, and charge on delayed declaration.

According to preliminary estimations, electronically paid customs duties and taxes already account for more than 99% against the total amount of duty and tax payment.

Since July 1, 2018, China Customs has promoted a new generation of electronic payment system for customs duties, taxes, fees and charges throughout the country. The system realizes the electronic flow of information and electronic transfer of the payment of customs duties, taxes, fees and charges among customs, state treasury and commercial banks through TIPS, thus improving the efficiency of electronic payment by enterprises. (Link 7.37)

Since November 19, 2018, China Customs has comprehensively promoted the reform of printing by enterprises the Memo for Customs Payment,

which has become paperless. (Links 7.41)

At present, the penalties and fines imposed by regional customs offices cannot be paid through the Single Window electronic payment system yet.

3 Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges

General Comment

Fully implemented. With the implementation of integrated customs clearance across the country since July 1, 2017, "one declaration and step-by-step processing" has been implemented and the vast majority of the operations are in compliance with customs requirements. Imported and exported goods can be automatically released upon the timely duty and tax payment or full guarantee; those goods that are withheld by the system due to issues relating to the collection of customs duties and taxes can be picked up in advance upon sufficient guarantee, thereby fully realizing the separation of release of goods from final determination of customs duties, taxes, fees and charges.

In late August 2019, China Customs launched the pilot "two-step declaration" customs clearance mode for imported goods in 10 regional customs offices under the GACC. After filing a summary declaration, the enterprise can pick up the goods with the consent of the customs, and then complete the declaration within the specified time. The purpose of this measure is to further realize the step-by-step and dynamic management of customs declaration. (Link 7.46)

The GACC has decided to comprehensively promote the "two-step declaration" mode for imported goods. All domestic consignees and consignors in the general credit rating category or above may carry out the "two-step declaration" for goods actually entering the country. (Link 7.47)

3.1 Each Member shall adopt or maintain procedures allowing the release of goods prior to the final determination of customs duties, taxes, fees, and charges, if such a determination is not done prior to, or upon arrival, or as rapidly as possible after arrival and provided that all other

regulatory requirements have been met.

Implementation

Goods may be released prior to the determination and collection of duties and taxes upon provision of guarantees. Article 4 of the Regulations of the P.R.C. on Guarantees for Customs Affairs stipulates that under any of the following circumstances, the party concerned may apply to the customs for the provision of a guarantee prior to completing the customs formalities and request the advance release of the goods: (1) the classification, customs value and origin of the imported and exported goods are yet to be determined; (2) valid declaration documentation is yet to be provided; (3) the duties and taxes have not been paid within the time limit for payment; (4) the fee for delayed declaration is yet to be paid; or (5) other customs formalities are yet to be completed. (Link 7.48).

The Rules of the P.R.C. Customs for the Administration of the Credit of Registered and Recorded Enterprises (Order 251 of the GACC), which took effect on November 1, 2021, provides that advanced certification enterprises can apply to the customs for exemption of guarantee. (Link 7.49)

In August 2018, the Duty Collection Department of the GACC sent an urgent letter to the Property Insurance Supervision Department of the China Banking Insurance Regulatory Commission to seek the opinions on the “pilot reform of the tariff guarantee insurance”. The GACC requested that a trial run be carried out at 10 regional customs offices directly under the GACC through 3 insurance companies for two months from September 1 to October 31. The pilot program of China’s “BOND” policy began to be officially implemented and China customs began to use market-oriented, commercial means to provide guarantees for customs revenue, improving facilitation and efficiency while greatly reducing the capital occupation cost of enterprises. (Link 7.50)

On October 30, 2018, the GACC and China Banking and Insurance Regulatory Commission jointly issued Announcement No. 155 of 2018 on the Pilot of the Customs Clearance Operation of Customs Guarantee Insurance, launching nationwide reform of Customs Guarantee Insurance

as of November 1. (Link 7.51)

On December 26, 2018, the GACC issued Announcement No. 215 of 2018 on the Application of Customs Guarantee Insurance to Aggregate Taxation and decided that enterprises may pay duties and taxes in an aggregate manner on the basis of the Customs Guarantee Insurance Policy from January 1, 2019. (Link 7.52)

In June 2019, Dalian Customs completed the recordation for the first Advanced Certified Enterprise exempted from guarantee, marking the actual implementation of the policy of "exemption from guarantee for Advanced Certified Enterprises" at local customs level. (Link 7.53).

In February 2019, Beijing Customs issued Announcement No. 5, exempting 23 Advanced Certified Enterprises from guarantees on a trial basis. The scope of the guarantee exemption includes: temporary admission of imported and exported goods, goods imported for repair, and goods pending duty reduction or exemption procedures. (Link 7.54)

In February 2020, Beijing Customs issued Announcement No. 7 to continue the pilot application for exemption of guarantee for 70 Advanced Certified Enterprises. The scope of application covers: temporary admission of imported and exported goods, goods imported for repair, goods pending duty reduction and exemption procedures, leased imported goods, and guarantee of the difference in tax revenue for imported goods subject to formula pricing. (Link 7.55)

In January 2020, Guangzhou Customs issued Announcement No. 3 of 2020 on the Exemption of Advanced Certified Enterprises from Guarantees in the "Two-step Declaration" Mode. Upon customs approval of the applications made by the production-type Advanced Certified Enterprises within its customs district, they will be exempted from guarantees in the "two-step declaration" mode. (Link 7.56)

In February 2020, Shenzhen Customs issued 20 Measures to Help Enterprises Prevent and Control the Pandemic and Resume Work and Production, expanding the scope of application of exemption of guarantees for production-type Advanced Certified Enterprises within its customs district to cover guarantees during such clearance processes in the "two-

step declaration” mode as duty payment, examination of declaration forms and documents and duty collection elements. Upon the approval of the applications made by production-type Advanced Certified Enterprises within its customs district, they will be exempted from tax guarantees. (Link 7.57) In June 2020, Shenzhen Customs issued a notice solidifying the above policy for permanent implementation. (Link 7.58)

On March 4, 2021, the GACC released an article titled "Major benefits are coming: List of Administrative Measures for Customs Certified Enterprises" on its official account "China Customs Credit Management" (see link 7.59), introducing 22 certified enterprise management measures in five categories to be implemented nationwide, namely, priority handling, reducing control frequency, reducing customs clearance costs, shortening processing time, and optimizing services. Among them, paragraph 12 of Point 3, "Measures to Reduce Customs Clearance Costs", mentions that under any of the following circumstances, an Advanced Certified Enterprise may apply to the customs for exemption of guarantees: 1. guarantees involving duty payment for imported and exported goods under the "two-step declaration" model; 2. guarantees involving specific customs operations such as temporary admission of imported and exported goods; 3. guarantees involving imported and exported goods under processing trade. For the first time, these provisions clarified the circumstances under which exemption of guarantee for Advanced Certified Enterprise is to be implemented nationwide.

However, since this article is not an official Announcement by the GACC, its actual implementation among different customs offices varies. On August 24, 2021, Wuhan Customs issued a notice to abolish the "Wuhan Customs Notice on Pilot of Exemption of Duty and Tax Guarantees for Advanced Certified Enterprises" that had been issued on June 25, 2021, stating that "implementation will be pending public announcement by the GACC." (The notice was deleted on August 25th shortly after it was released)

On November 24, 2021, the GACC issued Announcement No. 100 of 2021 on Deepening the Reform of Customs Duty and Tax Guarantee, deciding to implement from December 1, 2021 the reform of duty and tax

guarantee with the enterprise as the unit, so that one single guarantee can be universally used by the enterprise for multiple duty and tax guarantee purposes in customs offices across the country. (Link 7.60) This indicated that the GACC has abolished the pilot policy of duty and tax exemption guarantee for Advanced Certified Enterprises. Instead, it is changed into a unified tax guarantee for the consignee and consignor of imported and exported goods other than discredited enterprises, each being treated as a unit, which can simultaneously provide guarantees for nationwide aggregate taxation, duty payment time limit, essential duty collection elements, temporary admission of imported and exported goods and articles, goods imported for repair and goods exported for processing, and imported leased goods. However, in Article 30 (5) of Decree 251 Rules of the P.R.C. Customs for the Administration of the Credit of Registered and Recorded Enterprises, the Customs has specified the simplified administrative measure for Advanced Certified Enterprises that they may apply for exemption from the provision of guarantee (Link 7.60). If the earlier guarantee-free pilot program for Advanced Certified Enterprises is abolished according to Announcement No. 100 of the GACC of 2021, it has to be said that it is a policy retrogression for Advanced Certified Enterprises.

General Comment

This Article is implemented and gradual improvement has been witnessed. In particular, the implementation of the Announcement of the GACC on Deepening the Reform of Customs Duty and Tax Guarantee (No. 100 of 2021), including the guarantee mode of "one guarantee for multiple purposes", has simplified the guarantee handling process, helped improve the efficiency of customs clearance, and marked the maturity of China customs guarantee system. However, how to implement the guarantee exemption policy for Advanced Certified Enterprises needs to be further clarified by the customs.

Recommendations

1. At present, the two policies, "Customs Guarantee Insurance" and

"Aggregate Taxation", are only applicable to consignees and consignors of imported and exported goods and not to customs declaration enterprises. Considerations for such policies from the perspective of the customs are as follows: in accordance with Article 54 of the Customs Law, the consignee of imported goods, the consignor of exported goods and the owner of imported and exported articles are customs duty taxpayers. A customs declaration enterprise is mandated by the consignee of the imported goods and the consignor of the exported goods to go through customs declaration and duty payment formalities. Although they pay customs duties and taxes to the customs, the legal consequences of the act of agency of a customs broker is ultimately borne by the consignee of the imported goods and the consignor of exported goods. Therefore, a customs broker is not the taxpayer, but an agent of the taxpayer.

The fundamental purpose of introducing these two policies is to serve the SMEs, improve trade facilitation and reduce costs of customs clearance. In the process of customs clearance, SMEs often do not have a well-established internal department for import and export matters, some of them are not even registered or recorded with the customs. They are only reflected as "consumers" in the customs declaration. They cannot and do not have the capacity to apply for "tariff guarantee insurance" or other forms of guarantee to banks or insurance institutions. Therefore, they need to rely on professional customs declaration enterprises to handle complicated customs clearance formalities and advance funds for duties and taxes on their behalf. Customs declaration enterprises often have limited funds, so it is impossible for them to use large liquidity funds or bank guarantees to advance payment of duties and taxes for SMEs.

If customs declaration enterprises can be granted the functions of "tariff guarantee insurance" and "aggregate taxation", their ability to pay customs duties on commission can be greatly improved, so as to better serve the SMEs. Customs and insurance institutions do not need to identify the qualifications and credit status of a large number of SMEs. Instead, they only need to manage specialized customs declaration enterprises. This will not only improve revenue protection, but also reduce risks. In

fact, the former Eastern Pay Platform once granted customs declaration enterprises with the function of "guaranteed payment". It has been running well for many years, and there has rarely been shortfalls in state revenue collection. Using this as a benchmark, consideration should be given to extending the two preferential policies of "tariff guarantee insurance" and "aggregate taxation" regarding duty collection to cover customs declaration enterprises.

2. It is hoped that the GACC will issue formal announcements as soon as possible on the applicable circumstances and modes of operation for the exemption of duty and tax guarantees for Advanced Certified Enterprises, so that this policy will benefit more disciplined and compliant AEOs.

3.2 As a condition for such release, a Member may require:

(a) payment of customs duties, taxes, fees, and charges determined prior to or upon arrival of goods and a guarantee for any amount not yet determined in the form of a surety, a deposit, or another appropriate instrument provided for in its laws and regulations; or

Laws and Regulations

Article 4 of Decree No. 581 of the State Council Regulations of the P.R.C. on Guarantees for Customs Affairs provides that:

Under any of the following circumstances, the person concerned may apply to customs for the provision of a guarantee prior to completion of customs formalities and request advance release of goods:

- (1) the classification, customs value and origin of the imported and exported goods are yet to be determined;
- (2) valid declaration documentation is yet to be provided;
- (3) the duties and taxes have not been paid within the time limit for payment;
- (4) the fee for delayed declaration is yet to be paid; or
- (5) other customs formalities are yet to be completed. (Link 7.48)

Article 49 of Decree No. 213 of the GACC Rules of the P.R.C. Customs on the Determination of the Customs Value of Imported and Exported Goods,

which entered into force in 2014, provides that: During the course of the determination by customs of the customs value of imported and exported goods, the taxpayer may withdraw the goods in advance upon providing a guarantee to customs in accordance with the law. (Link 7.61)

At the institutional level, customs may, upon the provision of a guarantee, release the goods prior to the determination and payment of duties, taxes, fees and charges for the goods at issue.

China Customs also issued guarantee-related operational guidelines in “Work Guidelines” under the “Internet + Customs”, including application for release under duty and tax guarantee , application for the extension of duty and tax guarantee , application for the cancellation of duty and tax guarantee , duty and tax guarantee for goods subject to duty and tax relief and exemption. (Link 7.62, 7.63, 7.64 and 7.65)

Implementation

In practice, there are certain differences in the implementation at various ports. There were some cases in which the goods conform to the provisions of the Regulations on Guarantee for Customs Affairs, but the customs office concerned did not agree to release the goods after the enterprise provided the duty and tax guarantee. There is certain gap between the degree of facilitation of guarantees and the expectation of the business community.

(b) a guarantee in the form of a surety, a deposit, or another appropriate instrument provided for in its laws and regulations.

Laws and Regulations

Article 78 of Decree No. 124 of the GACC Rules of the P.R.C. Customs on the Administration of Duties and Taxes Levied on Import and Export Goods provides that: Except as otherwise provided, the time limit for duty and tax guarantee shall usually not be longer than six months. Under exceptional circumstances, an extension may be given upon the approval, as deemed appropriate, by the Director-General, or a person authorized by the Director-General, of the regional customs office directly under the GACC.

Duty and Tax guarantee shall usually take the forms of a surety, or a letter of guarantee by banks or non-banking financial institutions, except as otherwise provided. (Link 7.66)

General Comment

This article has been fully implemented by China Customs. Since 2018, duty and tax guarantee insurance has been gradually promoted and used, creating a new form of customs guarantee.

On November 24, 2021, the GACC issued Announcement No. 100 of 2021 on Deepening the Reform of Customs Tax Guarantee (Link 7.60), deciding to implement from December 1 2021 the reform of tax guarantee with each enterprise as the unit, so that one single guarantee can be universally used by the enterprise for multiple tax guarantee items in the customs offices across the country, allowing nationwide use of guarantees for aggregate taxation, tax payment time limit, essential duty collection elements, temporary admission of imported and exported goods and articles, goods imported for repair and exported for processing, and imported leased goods. On July 5, 2022, the GACC issued Announcement No. 56 of 2022 on Promoting the Guarantee of Financial Companies of Enterprise Groups (Link 7.67), which specifies this new form of guarantee through a letter of guarantee from financial companies of enterprise groups for their nationwide implementation, thus further reducing the cost of customs clearance for such enterprises.

3.3 Such guarantee shall not be greater than the amount the Member requires to ensure payment of customs duties, taxes, fees, and charges ultimately due for the goods covered by the guarantee.

Laws and Regulations

Article 14 of Regulations of the P.R.C. on Guarantee for Customs Affairs provides that: Guarantee provided by the party concerned shall be commensurate with his due legal obligations, and except for circumstances as provided for in Paragraph 2, Article 7 of the Regulations, the amount of

guarantee shall be determined pursuant to the following criterion:

The amount of the guarantee provided for advance release of goods shall not exceed the maximum amount of duties and taxes that may be owed.

General Comment

This provision has been adequately implemented by China Customs.

3.4 In cases where an offence requiring imposition of monetary penalties or fines has been detected, a guarantee may be required for the penalties and fines that may be imposed.

Laws and Regulations

Article 39 of Regulations of the P.R.C. Customs on the Implementation of Administrative Penalty provides that: Where it is impossible or inconvenient to detain the goods, articles or means of transport suspected of being involved in a violation, the party concerned or the person responsible for the means of transport shall provide to the Customs a guarantee of equivalent value, and in case such guarantee fails to be provided, the Customs may detain other property of equivalent value of the party concerned. (Link 7.68)

Article 50 of Provisions of the P.R.C. Customs on the Procedures for Handling Administrative Penalty Cases provides that: In case it is not possible or inconvenient to detain the goods, articles or means of transport suspected of being involved in a violation, when the party concerned or the person responsible for the means of transport provides the guarantee to the customs, the personnel handling the case shall make a voucher on receipt of the guarantee and serve it to the party concerned or the person responsible for the means of transport. The customs personnel handling the case, the party concerned and the person responsible for the means of transport or their agents shall affix their signatures or stamps on the voucher on receipt of the guarantee. (Link 7.69)

General Comment

The implementation is adequate.

3.5 The guarantee as set out in paragraphs 3.2 and 3.4 shall be discharged when it is no longer required.

Laws and Regulations

Article 20 of Regulations of the P.R.C. on Guarantee for Customs Affairs provides that: Under any of the following circumstances, the customs shall notify the party concerned in writing to complete procedures for the return of guaranteed assets and rights:

- (1) the party concerned has fulfilled relevant legal obligations;
- (2) the party concerned is no longer engaged in a particular customs business;
- (3) a balance exists of the guaranteed assets and rights after being deducted to pay the amount due by customs;
- (4) other circumstances where such return is warranted.

Article 51 of the Provisions of the P.R.C. Customs on the Procedures for the Handling of Administrative Penalty Cases provides that: Where Customs discharges the guarantee in accordance with the law, the customs shall issue a notice on discharge of guarantee and serve it to the party concerned or the person in charge of the means of transport.

General Comment

The implementation is adequate.

3.6 Nothing in these provisions shall affect the right of a Member to examine, detain, seize or confiscate or deal with the goods in any manner not otherwise inconsistent with the Member's WTO rights and obligations.

Laws and Regulations

Article 18 of Regulations of the P.R.C. on Guarantee for Customs Affairs provides that:

In cases where the guaranteed person fails to fulfill relevant legal obligations in a time-bound manner, the customs may deduct from the guaranteed assets and rights to pay for the amount due. In cases where the party provides guarantee in the form of letter of guarantee, the customs may directly require

the guarantor who assumes joint liability to fulfill the guarantee obligations. Where the guarantor has fulfilled the guarantee responsibility, the guaranteed person is not thus freed of the obligation to complete relevant customs formalities. Customs shall process relevant customs formalities for the guaranteed person in a timely manner.

General Comment

The implementation is adequate.

4 Risk Management

4.1 Each Member shall, to the extent possible, adopt or maintain a risk management system for customs control.

Laws and Regulations

In April 2004, China Customs officially initiated the implementation of Strategic Plan on the Second Step of Development of the Modern Customs System 2004-2010, which puts the establishment and improvement of risk management mechanisms at its core, and aims to build smart customs with "sharp ears and clear eyes". Reforms and developments at various fronts continue to secure new achievements. (Link 7.70)

Decree No. 670 of the State Council revised Article 9 of Regulations of the P.R.C. on Customs Audit as "customs shall determine the focus of customs audits as per customs regulatory requirements, taking into account the credit and risks in connection with import and export activities of the enterprises and entities directly involved with imported and exported goods as well as the specific circumstances of the imported and exported goods." (Link 7.71)

In Announcement No. 25 of the GACC on Further Promoting National Customs Clearance Integration Reform released on June 28, 2017, it's mentioned that the National Customs Risk Prevention and Control Center and Tax Collection Administration Center shall be launched (The "two Centers" have been later renamed the Risk Control Bureau and the Tax Administration Bureau respectively). China Customs also conducts risk

management through the three Risk Prevention and Control Centers (later renamed Branch Bureaus) set up in Shanghai, Qingdao and Huangpu and three Tax Collection and Administration Centers (later renamed Branch Bureaus) in Shanghai, Guangzhou and Beijing-Tianjin. (Link 7.72)

Following the integration of the inspection and quarantine service into the GACC in 2018, in the "Three Definitions" plan (plan defining the functions, institutions and size of staff) published by the GACC in August, a new Department of Risk Management was established. Its responsibilities are defined as follows: formulating and implementing the customs risk management system, undertaking the organization of customs risk monitoring, establishing risk assessment indicator system, early warning and tracking system for risk monitoring, risk management prevention and control mechanism; coordinating the work on port-related intelligence gathering, risk assessment and intervention, studying and putting forward the overall plan, system and scheme of customs application of big data and organizing their implementation, regularly issuing reports on port operation safety, commanding and coordinating the handling of major business risks and safety risks. The Department of Risk Management consists of the General Office, the Big Data Management Division, the Early Warning and Assessment Division, Risk Management Division I, Risk Management Division II and the Port Risk Control Division. The original Risk Prevention and Control Center has been upgraded to the Risk Prevention and Control Bureau, forming a "1+3+42" risk prevention and control system under the unified management of the Department of Risk Management of the GACC, in which the two-level risk management institutions focus on different tasks with complementarity.

In April 2019, the GACC proposed the establishment of a "synergistic and optimized risk management system" in the 2020 Framework Plan for Comprehensively Deepening Customs Business Reform, which specifically means that the customs controls the overall coverage of risk prevention and control through random inspections, locks on risk targets through accurate targeting, builds an integrated risk prevention and control mechanism based on synergistic and complementary random checks and accurate targeting,

and identifies risk targets swiftly and accurately based on scientific sampling and expert assessment, taking into account of countries, routes, ports and relevant special policy needs.

On January 18, 2023, the GACC publicly solicited opinions on the "Rules governing the Implementation of Customs Risk Management (Draft for Comments)" on its official website, marking the advancement of China Customs' risk management towards standardization and institutionalization. The Draft for Comments proposes that customs risk management should follow the principles of overall planning, balanced emphasis on prevention and control, classification and characterization, and collaborative governance. The main contents include: (1) clarifying the scope of application, so that the implementation of risk management is embodied throughout the entire process of customs supervision; (2) clarifying the main stages and specific measures of customs risk management, and standardizing the risk management process; (3) clarifying the principles of control and handling of risks according to their classification and characterization to prevent and resolve major security risks and promote trade facilitation; and (4) clarifying the rights and obligations of the importer and reflecting the principle of collaborative risk governance. As of August 31, 2023, the Rules of Implementation have not yet been officially published. (See link 7.73)

Implementation

The customs implements integrated identification and classification of risks relating to secured access and revenue collection, and takes corresponding control measures based on verification through the automated information system and manual review of the declaration data of the imported and exported goods.

General Comment

The implementation is adequate, but the risk management ability needs to be further strengthened.

From the “seizure rate of pre-determined targeted inspection ” (a random check method based on risk analysis) published in the column “information

disclosure - double random and one disclosure - general supervision and control of imported and exported goods (goods)” on the official website of the GACC, it could be seen that the seizure rate of such inspections is low and tends to decrease, with an average of 9.6% in 2017 and 5.72% in January-July 2018, and only 3.95% from August to December. This reflects to some extent that the overall risk management ability of customs could be rather weak. (The cited data is no longer available on the official website of the GACC).

Since 2019, the GACC has introduced the concept of "effective intervention" in the "Double Randoms, One Disclosure" statistical table for “general supervision and control of imported and exported goods (duty and tax related review)” on its official website. This indicator should be related to the risk management capabilities of the customs. The average "intervention effectiveness rate" in 2019 is 1.02%, and the average "intervention effectiveness rate" in 2020 is 0.56%. The GACC has made no explanation for whether the decreased "intervention effectiveness rate" could mean a decline in customs risk management capabilities. At present, "intervention effectiveness rate" can no longer be found on the China Customs portal website.

With the implementation of integrated clearance, the unified risk management organizational structure and risk parameter setting will be implemented by China Customs, which should help China Customs to improve and strengthen its own risk management ability. However, after the integration of Entry-exit Inspection and Quarantine Administration into the GACC, the scope of risk management of the customs was further expanded. With respect to border safety control, the risk management responsibilities in the areas of health quarantine, animal and plant quarantine, commodity inspection, import and export food safety supervision have been added to the original ones of customs in the areas of risk prevention and control for safe access (exit) and revenue collection, which is a fairly big challenge for the new customs. A major task of customs risk management at present is how to use big data, artificial intelligence, etc. through innovation to establish a customs big data pool, research and develop smart risk models, advance information gathering of the whole supply chain and risk assessment, give

play to the aggregation effect of multi-dimensional data, and promote the accuracy and smartness of risk identification. The release of the "Rules governing the Implementation of Customs Risk Management (Draft for Comments)" shows that China Customs is accelerating the establishment of a risk management system and optimizing the risk management process.

4.2 Each Member shall design and apply risk management in a manner as to avoid arbitrary or unjustifiable discrimination, or a disguised restriction on international trade.

Implementation

No arbitrary or unreasonable discrimination, or disguised restriction, have been identified.

4.3 Each Member shall concentrate customs control and, to the extent possible other relevant border controls, on high-risk consignments and expedite the release of low-risk consignments. A Member also may select, on a random basis, consignments for such controls as part of its risk management.

Implementation

Following the implementation of the integrated customs clearance, China Customs employed systematic nationwide analysis of big data as per such elements as enterprise, goods, importing country, tariff code, and trade regulation, distinguishing goods of varying risk levels by setting different risk parameters and adopting different control measures accordingly, thus speeding up the release of goods.

However, after the integration of entry-exit inspection and quarantine services into the customs service, the problem has become increasingly complex. The main reason is that the control of certain risks exercised by the original inspection and quarantine system is not scientific and reasonable enough, and the awareness and ability of risk management through parameter setting for inspection and quarantine purposes are relatively insufficient. It is therefore difficult for customs to integrate these risk parameters into a unified system. As the risk assessment indicator system

is an internal secret of the customs, it is difficult to obtain more meaningful information in this regard.

General Comment

Basically implemented.

4.4 Each Member shall base risk management on an assessment of risk through appropriate selectivity criteria. Such selectivity criteria may include, inter alia, the Harmonized System code, nature and description of the goods, country of origin, country from which the goods were shipped, value of the goods, compliance record of traders, and type of means of transport.

General Comment

This Article is basically implemented. On July 30, 2021, the official website of the GACC released the news that "the Risk Management Department organized a seminar on the construction of risk measurement models". The article puts forward some of the customs' selectivity criteria for risk assessment and management: the first is to implement the risk level measurement model step by step, do a good job in measuring the risk level, so that the measurement results are as close to the objective risk level as possible; the second is to establish a dynamic model, and constantly adjust the practical data and classification dimensions; the third is to consider the impact of commodity structure on the risk level, and increase the weight ratio of high-risk commodities; the fourth is to consider the guiding role of major cases and other factors on the measurement of risk level in addition to customs declaration information, and focus on the use of anti-smuggling case database and other data; the fifth is to adopt a classified assessment method: in the assessment of the level of risk prevention and control, scientific classified assessment should be adopted taking into account such factors as business volume or port characteristics.

5 Post-clearance Audit

5.1 With a view to expediting the release of goods, each Member shall adopt or maintain

postclearance audit to ensure compliance with customs and other related laws and regulations.

Laws and Regulations

On 17 June, 2016, Decree No. 670 of the State Council Decision on Amending Regulations of the P.R.C. on Customs Audit was promulgated (Link 7.71)

On 28 August, 2005, the GACC released Decree No. 79 Rules on the Implementation of the Regulations of the P.R.C. on Customs Audit.

On September 26, 2016, Decree No. 230 of the GACC issued Rules on the Implementation of the Regulations of the P.R.C. on Customs Audit which came into force as of November 1, 2016. Decree No.79 was nullified at the same time. (Link 7.74)

With the implementation of the national integrated customs clearance, the GACC issued Announcement No. 28 on Post-clearance Verification, which makes demand of the verification after the release of goods. (Link 7.75)

General Comment

The implementation is adequate. In recent years, China Customs has implemented the policy of "combining multi-inspections into one" (Link 7.76) and the "Internet + Inspection" (Link 7.77) in response to the COVID-19 pandemic. It follows the principles of combining law-based administration with standardized law enforcement, combining division of responsibilities and restriction of power with risk prevention and control, and combining human resources with functions and tasks, in order to ensure that the law enforcement process is integrated, efficient, uniform, and standardized and to promote the comprehensive and in-depth integration of post-clearance supervision and control functions and responsibilities of customs and inspection and quarantine.

5.2 Each Member shall select a person or a consignment for post-clearance audit in a risk-based manner, which may include appropriate selectivity criteria. Each Member shall conduct postclearance audits in a transparent manner. Where the person is involved in the audit process and conclusive results have been achieved the Member shall, without delay, notify the person

whose record is audited of the results, the person's rights and obligations, and the reasons for the results.

Laws and Regulations

Regulations on Customs Audit and Rules on Implementing the Regulations on Customs Audit have provided for the relevant procedures of customs audit, including advance notification, subsequent issuance of Customs Audit Conclusion and encouraging voluntary disclosure.

Implementation

The time limits of customs audit could be unpredictable. A single audit may take, on-and-off, up to several months or even a year, causing difficulties for enterprises to co-operate with customs audit efforts.

General Comment

The implementation is largely complete, and there is still room for improvement.

Recommendations

Formulate procedural requirements regarding the time limits of audits, thereby improving audit efficiency and facilitating the cooperation of enterprises.

5.3 The information obtained in post-clearance audit may be used in further administrative or judicial proceedings.

General Comment

The implementation is adequate.

5.4 Members shall, wherever practicable, use the result of post-clearance audit in applying risk management.

General Comment

The implementation is adequate.

6 Establishment and Publication of Average Release Times

Laws and Regulations

Article 18 of the State Council's Reform Plan on Promoting the Development of "Big Customs Clearance" via Implementing Mutual Information Exchange, Mutual Regulatory Recognition and Mutual Law Enforcement Assistance "3 Ms" makes demand of "establishing an evaluation system of release time of goods at the import and export ports , uniformly evaluating and publishing the average release efficiency of ports across the country." (Link 7.77)

On November 25, 2016, the GACC released an article titled Redefine "Overall Clearance Time" and "Customs Clearance Time" on its official information platform "Customs Publication". It is pointed out that "the Statistics Department of the GACC has redefined China's release time for imported and exported goods based on the statistical methods recommended by the WTO and China's actual situation. Overall clearance time and customs clearance time are defined and the clearance time is defined in detail. In the future China Customs will release relevant data in various WTO and WCO Trade Facilitation activities and to apply it more widely to the evaluation of the outcome of cooperation on trade facilitation between China and its trade partners." This demonstrates that China Customs is making continuous efforts towards "publishing average release time". (Link 7.79)

Implementation

Partially implemented. At present, the data collection method of customs clearance release time is not transparent. The customs operation time is not equal to the release time of the goods. It remains to be clarified as to how to calculate the time from the port to the end of inspection at destination, and then to customs clearance at the port, how to deduct the waiting time and time spent in logistics, and how to calculate the gross time and net time of release of the goods.

6.1 Members are encouraged to measure and publish their average release time of goods periodically and in a consistent manner, using tools such as, inter alia, the Time Release Study of the World Customs Organization (referred to in this Agreement as the "WCO").

General Comment

Partially implemented. In the article Redefine ‘Overall Clearance Time’ and ‘Customs Clearance Time published on the GACC’s WeChat public account ‘Customs Publication’, it is mentioned that the Statistics Department of the GACC developed Study Report on China Customs' Clearance Time for Imported and Exported Goods between 2011 and 2015. According to the Study Report, the customs clearance time for imported goods at the ports was reduced from 48.5 hours in 2011 to 28.9 hours in 2015, down 40.4%; its contribution rate to the overall clearance efficiency of import goods reached 87.7%; the customs clearance time for exported goods was reduced from 6.5 hours in 2011 to 2.5 hours in 2015, down 61.5%.

In addition, on July 18, 2017, the People's Daily published the news "Clearance Time for Exported Goods is Reduced to 1.2 Hours". It is mentioned that the average clearance time for imports in May was 19.4 hours and the average clearance time for exports was 1.2 hours. (Link 7.80) On December 18, 2017, China Customs announced on its official website that the national average customs clearance time from January to November, 2017 was 16.7 hours for imports, 33.6% shorter than that in the whole year of 2016; and 1.13 hours for exports, down 37%. (Link 7.81)

According to official data, customs clearance time for imported goods in 2017 was 15.9 hours, 9.2 hours less than that in the previous year, down 36.7%; the customs clearance time for exported goods was 1.1 hours, 0.7 hours less than that in the previous year, down 38.9%. (Link 7.82)

In 2018 and 2019, China Customs released data on the overall clearance time: in December 2018, the overall clearance time for China's imports and exports was 56.36% and 61.19% lower than the average in 2017, respectively. In December 2019, the overall clearance time for imports across China was 36.7 hours, a reduction of 62.3% compared with 2017; the overall clearance time for exports was 2.6 hours, a reduction of 78.6%

compared with 2017, which means the relevant requirements of the State Council had been met two years ahead of schedule. In June 2020, the overall clearance time for imports and exports nationwide was 39.7 hours and 2.3 hours respectively. In June 2021, the overall clearance time for imports and exports nationwide was 36.68 hours and 1.83 hours respectively. (Links 7.83, 7.84, 7.85, 7.86)

On October 13, 2018, the State Council issued the Work Plan for Optimizing the Business Environment at Ports and Promoting Cross border Trade Facilitation, mentioning the following: "establish the clearance efficiency evaluation mechanism and strengthen the statistical analysis of the overall clearance time at ports, make monthly announcement of the overall clearance time of each province and autonomous region and municipality directly under the Central Government, carry out third-party evaluation of the overall clearance efficiency at ports and timely publish the evaluation results to the public; the overall clearance time and cost shall be incorporated into the national business environment evaluation system, the evaluation indicators and methods shall be scientifically designed, and a normalized evaluation mechanism shall be preliminarily established".

However, up to now, we have not seen the regular announcement of the overall clearance time of all provinces in the country. In addition, the setting of evaluation indicators of clearance efficiency at ports should take into account different conditions such as mode of transport and mode of supervision, so that the statistical results can be comparable and more useful.

6.2 Members are encouraged to share with the Committee their experiences in measuring average release times, including methodologies used, bottlenecks identified, and any resulting effects on efficiency.

General Comment

Partially implemented. It is mentioned in the article Redefine "Overall Clearance Time" and "Customs Clearance time".

7 Trade Facilitation Measures for Authorized Operators

Laws and Regulations

In 2018 China Customs promulgated and implemented Decree No. 237 of the GACC Rules of the P.R.C. Customs on the Credit Management of Enterprises and Announcement No. 32 of the GACC on the Implementation of the Rules of the P.R.C. Customs on the Credit Management of Enterprises and Relevant Supporting Systems, which provide for trade facilitation measures for certified operators. In December 2018, the GACC issued Announcement No. 178 on the Implementation of the Rules of the P.R.C. Customs for the Credit Management of Enterprises and Announcement No. 177 on the Publication of the Criteria for Customs Certified Enterprises. In both Announcements are added relevant contents regarding inspection and quarantine following its integration into customs. In March 2021, China Customs issued the "List of Administrative Measures for Customs Certified Enterprises" on its "China Customs Credit Management" official account. On the basis of Decree No. 237, it further refines, improves and innovates the measures, introducing 22 certified enterprise management measures falling within five categories, namely, priority processing, reducing supervision frequency, reducing customs clearance costs, shortening processing time and optimizing services. On November 1, 2021, the GACC implemented the Rules of the P.R.C. Customs on the Administration of the Credit of Registered and Recorded Enterprises, which classifies the enterprises into three categories: advanced certified enterprises, registered and recorded enterprises, and discredited enterprises. The Rules also redefines the management measures for advanced certified enterprises. On July 15, 2022, the Department of Enterprise Management and Post-clearance Audit of the GACC issued the Notice of the GACC on Adding Facilitation Measures for Advanced Certified Enterprises to Promote the Steady and High-quality Growth in Foreign Trade (Notice No. 73 [2022]) in the "Directory of Government Information Disclosure" column of the China Customs portal website, adding six facilitation measures for advanced certified enterprises. (Links 7.87, 7.88, 7.89, 7.90, 7.91, 7.92, and 7.93)

General Comment

Partially implemented. In general, the sense of gain of advanced certified enterprises is not strong. Some facilitation measures are difficult to implement in actual operation, such as priority inspection at ports and waiving of guarantees.

7.1 Each Member shall provide additional trade facilitation measures related to import, export, or transit formalities and procedures, pursuant to paragraph 7.3, to operators who meet specified criteria, hereinafter called authorized operators. Alternatively, a Member may offer such trade facilitation measures through customs procedures generally available to all operators and is not required to establish a separate scheme.

Laws and Regulations

Article 30, Decree No. 251 of the GACC Rules of the P.R.C. Customs on the Administration of the Credit of Registered and Recorded Enterprises provides that the advanced certified enterprise is the AEO approved by China Customs, and has made specific provisions for the applicable management measures.

General Comment

Partially implemented.

7.2 The specified criteria to qualify as an authorized operator shall be related to compliance, or the risk of non-compliance, with requirements specified in a Member's laws, regulations or procedures.

(a) Such criteria, which shall be published, may include:

Laws and Regulations

On November 1, 2021, the GACC issued Announcement No. 88, announcing the new Criteria for Customs Advanced Certified Enterprises, in which the relevant contents of this Article are included.

On October 28, 2022, the GACC issued Announcement No. 106, once again

updating the " Criteria for Customs Advanced Certified Enterprise ". (See link 7.94)

General Comment

The implementation is adequate. However, in recent years, customs certification criteria have changed frequently, bringing difficulties for enterprises to adapt.

(i) an appropriate record of compliance with customs and other related laws and regulations;

Laws and Regulations

In the Criteria for Advanced Certified Enterprises, Article 3 Standards for Compliance under the General Criteria for Advanced Certification, provides for requirements in five aspects: compliance with laws and regulations, import and export records, tax payment, management requirements and external credit.

General Comment

The implementation is adequate.

(ii) a system of managing records to allow for necessary internal controls;

Laws and Regulations

In the Criteria for Advanced Certified Enterprises, Article 1 Internal Control Criteria of the General Criteria for Advanced Certification, provides for requirements in four aspects: communication and cooperation between customs and enterprises, import and export documents, information systems, internal audit and improvement.

General Comment

The implementation is adequate.

(iii) financial solvency, including, where appropriate, provision of a sufficient security or guarantee; and

Laws and Regulations

In the Criteria for Advanced Certified Enterprises, the General Criteria for Advanced Certification provides for the financial situation and asset-liability ratio of enterprises.

General Comment

The implementation is adequate.

(iv) supply chain security.

Laws and Regulations

In the Criteria for Advanced Certified Enterprises, Article 4 Trade Security Criteria under General Criteria contains similar requirements.

General Comment

The implementation is adequate.

(b) Such criteria shall not:

(i) be designed or applied so as to afford or create arbitrary or unjustifiable discrimination between operators where the same conditions prevail; and

General Comment

Enterprises with the same level of creditworthiness are subject to the same customs administrative measures, therefore there is no discrimination in this regard.

(ii) to the extent possible, restrict the participation of small and medium-sized enterprises.

Laws and Regulations

Rules of the P.R.C. Customs on the Administration the Credit of Registered and Recorded Enterprises contains no provision restricting the participation of SMEs.

General Comment

The implementation is adequate.

7.3 The trade facilitation measures provided pursuant to paragraph 7.1 shall include at least three of the following measures:

- (a) low documentary and data requirements, as appropriate;
 - (b) low rate of physical inspections and examinations, as appropriate;
 - (c) rapid release time, as appropriate;
 - (d) deferred payment of duties, taxes, fees, and charges;
 - (e) use of comprehensive guarantees or reduced guarantees;
 - (f) a single customs declaration for all imports or exports in a given period;
- and
- (g) clearance of goods at the premises of the authorized operator or another place authorized by customs.

Implementation

Regarding facilitation for AEOs, measures as listed in (b), (c), (d), (e) and (g) have been implemented, and the measures as listed in the other items are yet to be implemented.

General Comment

The implementation is relatively adequate. However, enterprises are not satisfied with the actual operation of measure (c): rapid release time, as appropriate.

7.4 Members are encouraged to develop authorized operator schemes on the basis of international standards, where such standards exist, except when such standards would be an inappropriate or ineffective means for the fulfilment of the legitimate objectives pursued.

Laws and Regulations

Rules of the P.R.C. Customs on the Administration of the Credit of Registered and Recorded Enterprises has fully integrated the advanced concepts of the Authorized Economic Operators (AEO) system contained within the World Customs Organization's Framework of Standards to Secure and Facilitate Global Trade. It clearly specifies that Advanced Certified Enterprises by China Customs are equivalent to AEOs, which are eligible for the preferential treatment and customs clearance facilitation measures afforded by the customs authorities of China and of countries (regions) with which China has entered into mutual recognition agreements.

General Comment

The implementation is adequate.

7.5 In order to enhance the trade facilitation measures provided to operators, Members shall afford to other Members the possibility of negotiating mutual recognition of authorized operator schemes.

Implementation

Since China and Singapore achieved mutual recognition of AEOs (referred to as STP-Plus in Singapore) in March 2013, as of August 2023, China Customs has achieved AEO mutual recognition with 52 countries (regions) in 26 economies, namely, Singapore, South Korea, Hong Kong SAR, EU member states (27), the United Kingdom, Switzerland, New Zealand, Israel, Japan, Belarus, Chile, Australia, Kazakhstan, Mongolia, Uruguay, the United Arab Emirates, Serbia, Uganda, South Africa, Brazil, Iran, Russia, Macau China, Costa Rica, Thailand and Philippines. Both the number of mutual recognition agreements and the number of mutual recognition countries (regions) rank first in the world.

General Comment

Implementation is still in progress.

7.6 Members shall exchange relevant information within the Committee about authorized operator schemes in force.

Implementation

China Customs actively participates in the annual exchanges on AEOs facilitated by the WCO, and shares its implementation experience regarding AEOs.

On May 27, 2021, the World Customs Organization officially announced that China Customs will host the 6th Global AEO Conference. In June 2023, Minister Yu Jianhua of the GACC attended the 141/142nd Council Sessions of the WCO in Brussels, where it was announced that the sixth Global AEO Conference will be held in Shenzhen, China, in May 2024. This demonstrates the goodwill of China Customs to actively preserve multilateralism and carry out extensive AEO cooperation with all other Members.

General Comment

The implementation is adequate.

8 Expedited Shipments

Laws and Regulations

On November 18, 2003, China Customs released Decree No. 104 of the GACC Rules of the P.R.C. Customs on Supervision and Control of Import and Export Expedited Shipments, which provides for the implementation of different modes of customs clearance declaration for different types of expedited shipments, contributing positively to the acceleration of flow of expedited shipments. (Link 7.95)

In March 2016, China Customs issued Announcement No. 19 on Launching the New Clearance System for Expedited Shipments, announcing that the new expedited shipment clearance system would be launched on September 1. Three types of expedited shipments have been redefined and re-classified and the format of the declaration/list for three types of expedited shipments have been modified. (Link 7.96)

In September 2018, the GACC issued Announcement No. 119 of 2018 on Upgrading the New Customs Clearance System for Expedited Shipments, which marks the beginning of the integrated declaration of customs and inspection and quarantine for expedited shipments. (Link 7.97)

In November 2018, the GACC issued the revised Rules on the Administration of Inspection and Quarantine of Imported and Exported Expedited Shipments. (Link 7.98)

General Comment

The implementation is adequate.

8.1 Each Member shall adopt or maintain procedures allowing for the expedited release of at least those goods entered through air cargo facilities to persons who apply for such treatment, while maintaining customs control. If a Member employs criteria limiting who may apply, the Member may, in published criteria, require that the applicant shall, as conditions for qualifying for the application of the treatment described in paragraph 8.2 to its expedited shipments:

(a) provide adequate infrastructure and payment of customs expenses related to processing of expedited shipments in cases where the applicant fulfils the Member's requirements for such processing to be performed at a dedicated facility;

Laws and Regulations

Article 14 of Rules of the P.R.C. Customs on Supervision and Control of Import and Export Expedited Shipments provides that:

Customs clearance for import and export expedited shipments shall be conducted in dedicated premises of customs control approved by the customs; where exceptional circumstances warrant such customs clearance outside the aforementioned premises, consent shall be obtained in advance from the local customs office. The operator shall set up dedicated premises, warehouses and facilities in accordance with customs regulatory requirements within the premises of customs control dedicated to import and export expedited shipments.

General Comment

The implementation is adequate.

(b) submit in advance of the arrival of an expedited shipment the information necessary for the release;

Laws and Regulations

In Article 18 of Rules of the P.R.C. Customs on Supervision and Control of Import and Export Expedited Shipments, it is stipulated that the operator requiring advance declaration shall inform the customs in writing of the transport and arrival of the import and export expedited shipments in advance and transmit or submit to the customs the manifest or list. The customs will accept the advance declaration after verification.

General Comment

The implementation is adequate.

(c) be assessed fees limited in amount to the approximate cost of services rendered in providing the treatment described in paragraph 8.2;

Implementation

China Customs does not charge any fees for its services provided for the customs clearance of expedited shipments.

General Comment

The implementation is adequate.

(d) maintain a high degree of control over expedited shipments through the use of internal security, logistics, and tracking technology from pick-up to delivery;

Implementation

International expedited shipment enterprises generally apply advanced tracking and control of expedited shipments during the entire process prior

to release.

General Comment

The implementation is adequate.

(e) provide expedited shipment from pick-up to delivery;

General Comment

The implementation is adequate.

(f) assume liability for payment of all customs duties, taxes, fees, and charges to the customs authority for the goods;

Laws and Regulations

Article 20 of Rules of the P.R.C. Customs on Supervision and Control of Import and Export Expedited Shipments provides that:

Except as otherwise provided, an operator going through the declaration formalities for import and export expedited shipments, shall, pursuant to the classification requirements of Articles 11, 12 and 13 of the Rules, submit to customs respective declaration documents and complete the required declaration and duty and tax payment formalities.

General Comment

The implementation is adequate.

(g) have a good record of compliance with customs and other related laws and regulations;

Laws and Regulations

To enterprises (including international expedited shipment enterprises) with good credit records, Rules of the P.R.C. Customs on the Administration of the Credit of Registered and Recorded Enterprises provides customs clearance facilitation.

General Comment

The implementation is adequate.

(h) comply with other conditions directly related to the effective enforcement of the Member's laws, regulations, and procedural requirements, that specifically relate to providing the treatment described in paragraph 8.2.

Implementation

The Chinese government has set high entry threshold for enterprises undertaking international expedited shipment services. The compliance level is high in general.

General Comment

The implementation is adequate.

8.2 Subject to paragraphs 8.1 and 8.3, Members shall:

(a) minimize the documentation required for the release of expedited shipments in accordance with paragraph 1 of Article 10 and, to the extent possible, provide for release based on a single submission of information on certain shipments;

Laws and Regulations

In accordance with the Announcement on Launching the New Clearance System for Expedited Shipments, the expedited shipment operator shall submit different customs declaration documents to the customs according to the categories of the express consignments (documents, personal effects, goods with a value of CNY 5,000 and below), respectively. In terms of customs declaration form:

Expedited shipment of documents: submission of Category A customs declaration form/list;

Expedited shipment of personal effects: submission of Category B customs declaration form/list;

Expedited shipment of goods with a value of CNY 5,000 and below:

submission of Category C customs declaration form/list.

Implementation

Category A, B and C customs declaration forms / lists are simplified customs declarations in special format, to be used by expedited shipment enterprises for customs declaration by electronic data interchange mode. Therefore the review and release by the customs is fairly fast.

General Comment

The implementation is fairly adequate.

(b) provide for expedited shipments to be released under normal circumstances as rapidly as possible after arrival, provided the information required for release has been submitted;

Implementation

If the expedited shipment enterprises submit the declaration forms and documents according to the above-mentioned classification and ensure the accuracy of the submitted materials, the customs will release the goods promptly.

General Comment

The implementation is fairly adequate.

(c) endeavour to apply the treatment in subparagraphs (a) and (b) to shipments of any weight or value recognizing that a Member is permitted to require additional entry procedures, including declarations and supporting documentation and payment of duties and taxes, and to limit such treatment based on the type of good, provided the treatment is not limited to low value goods such as documents; and

Laws and Regulations

The current customs system in effect for expedited shipments differentiates shipments as per value and use, but does not have requirements on weight. High-value expedited shipments (over CNY 5,000, as per current

regulations) need to be declared via formal declaration formalities for goods.

General Comment

The implementation is fairly adequate.

(d) provide, to the extent possible, for a de minimis shipment value or dutiable amount for which customs duties and taxes will not be collected, aside from certain prescribed goods. Internal taxes, such as value added taxes and excise taxes, applied to imports consistently with Article III of the GATT 1994 are not subject to this provision.

Laws and Regulations

Article 45 of Regulations of the P.R.C. on Import and Export Tariff provides that:

The following imported and exported goods shall be exempted from customs duties:

- (1) goods of a single consignment the payable customs duty of which is below CNY 50 ;
- (2) advertising matters and samples of no commercial value. (Link 7.99)

General Comment

The implementation is fairly adequate.

8.3 Nothing in paragraphs 8.1 and 8.2 shall affect the right of a Member to examine, detain, seize, confiscate or refuse entry of goods, or to carry out post-clearance audits, including in connection with the use of risk management systems. Further, nothing in paragraphs 8.1 and 8.2 shall prevent a Member from requiring, as a condition for release, the submission of additional information and the fulfilment of non-automatic licensing requirements.

Laws and Regulations

Article 19 of Rules of the P.R.C. Customs on Supervision and Control of Import and Export Expedited Shipments provides that customs may directly open up the import and export expedited shipment for inspection,

re-inspection, or collection of samples, where customs deems such action necessary.

Rules on the Implementation of Customs Administrative Penalty provides that violations involving imported and exported goods or articles for expedited shipment may be penalized in accordance with the law.

General Comment

The implementation is adequate.

9 Perishable Goods

Laws and Regulations

Article 13 of Decree No. 138 of GACC Rules of the P.R.C. Customs on Inspection of Imported and Exported Goods provides that:

As to those goods that are dangerous, fresh and living, decayable, perishable, or likely to lose efficacy or deteriorate and are not suitable for long-time storage or goods for which urgent inspection and clearance is required due to any other special circumstances, Customs may arrange the inspection with priority upon application of the consignee or consignor of imported and exported goods or their agent. (Link 7.100)

On August 22, 2018, the GACC issued Announcement No. 109 of 2018 on “Internet + Clearance by Appointment”. As of October 30, 2018, enterprises can log onto the “Internet + Customs” integrated online platform, apply the “Clearance by Appointment” function of the “Customs Clearance of Goods” module, fill in and submit online an application for clearance by appointment. One of the applicable circumstances for clearance by appointment is: fresh, frozen and perishable goods that need urgent clearance. (Link 7.101)

On October 11, 2018, the GACC promulgated Announcement No. 130 of 2018 on the Publication of Standards for Setting up Customs Inspection Sites for Closed Containers (Trial Implementation), which stipulates in detail the cold chain inspection zones to be constructed at the work premises

of customs control operation within the port supervision zone. (Link 7.102)
On April 19, 2019, the GACC issued Announcement No. 68 of 2019 on the Publication of Standards for Setting up Premises (Sites) of Customs Control Operation, which stipulates specific requirements for setting up customs control operation premises (sites) for perishable goods including inspection zones for imported cold-chain food, imported edible aquatic animals, imported fruits, imported seedlings, fresh and living products destined for Hong Kong and Macao, blood and other special items. (Link 7.103)

In the 2020 Framework Plan for Comprehensively Deepening Customs Business Reform proposed by the GACC in 2019, the implementation method of “two-stage access” is introduced, and the concept of “classified pick-up” is proposed. Fresh, living and perishable goods are subject to “conditional pick-up”. They are approved for sales or use but must be recalled in a timely manner once problems are found. (Link 7.104)

On September 11, 2020, the GACC issued the Announcement on Implementing Emergency Preventive Measures for Overseas Manufacturers of Imported Cold-Chain Food with Positive COVID-19 Nucleic Acid Test Result (No. 103, 2020). The "circuit breaker" policy was implemented for the cold-chain food imported into China by overseas manufacturers with positive COVID-19 nucleic acid test result. (Link 7.105)

On May 10, 2022, the GACC issued the Notice of the GACC on Ten Measures to Promote the Steady and High-quality Growth in Foreign Trade (No. 45 [2022]). (Link 7.106) Article 7 mentions the establishing of a green channel for inspection of fresh and perishable agricultural products for import and export to ensure the safe supply of agricultural and food products to Hong Kong and Macao. Later, regional customs offices put forward specific corresponding measures mainly including priority inspection and "5+2" inspection by appointment model, and published specific contact information of each subordinate customs offices. See the policy introduced by Shanghai Customs as an example. (Link 7.107)

On July 8, 2022, the GACC issued the Announcement on Further Optimizing and Improving the Pandemic Prevention and Control Measures for Imported Cold-Chain Food at Ports (No. 58, 2022). Imported cold-chain

food with positive COVID-19 nucleic acid test result shall be classified in different categories and processed in accordance with the relevant provisions of the guidelines issued by the Joint Prevention and Control Mechanism of the State Council. (Link 7.108)

Implementation

In practice, for perishable or fresh and living products, China Customs provides 24/7 clearance by appointment services. As of October 30, 2018, enterprises can log onto “Internet + Customs” integrated online platform to submit applications online.

After the GACC promulgated the standards for setting up container inspection sites and inspection operation zones in 2018 and 2019, some port customs offices stopped using inspection and quarantine inspection sites outside the port supervision zone and built new inspection operation sites within the port supervision area. For example, at the end of 2018, Dapeng Customs in Shenzhen built the country’s first "Special Inspection Platform for Cold Chain within Customs District". (Link 7.109) However, a problem arises: the number of cold-chain inspection platforms within the port supervision area is very limited, and a large backlog of imported perishable goods is prone to occur when the volume of the goods increases or when special epidemics, such as African Swine Fever, occur. In contrast, the main ports of frozen meat import, such as Tianjin and Shanghai, which follow the original inspection method of cold storage outside the port supervision area, are less likely to encounter the backlog of frozen goods.

In June 2019, Chengdu Customs carried out the pilot reform of the "two-stage access" control operation for imported chilled salmon. The shipment of chilled salmon sampled for inspection is subject to conditional pick-up. After customs declaration, sampling, and inspection, the shipment will be transported to the distributor's cold storage, waiting for the test report. Upon receiving the notice of passing the sampling inspection, the distributor can immediately "open the warehouse and sell". The whole process can save the enterprise 1-2 days (in the past, the whole lot of goods that were targeted for sampling inspection had to be temporarily stored in the recorded warehouse

under customs control and could only be transported to the cold storage at the sales market after the inspection and quarantine results were reported). (Links 7.110, 7.111)

After newly confirmed COVID-19 cases were found in Beijing Xinfadi Agricultural Produce Wholesale Market in June 2020, customs offices all over the country ramped up inspection of imported cold-chain foods. The average clearance time of goods were significantly extended. Subsequently, COVID-19 virus was detected in the outer packaging and surface samples of imported frozen foods in many places across China. The WeChat public account "Pingshuoguanshi" also commented on this issue in the Survey on Customs Clearance of Imported Frozen Products under Strict COVID Control. (Link 7.112) After the prevention and control policy of COVID-19 was downgraded to one of treating it as a Class B infectious disease, the customs clearance of fresh and perishable goods has returned to normal.

General Comment

The implementation is adequate. In practice, customs and inspection and quarantine authorities provide customs clearance facilitation for perishable or fresh and living imported and exported goods. As of November 2018, enterprises will be able to submit on-line applications for clearance by appointment. Customs clearance for perishable and fresh commodities was getting more institutionalized and facilitated. Since the outbreak of the COVID-19, the problems of time-consuming customs clearance process and high cost associated with imported cold-chain food have become increasingly prominent. The pandemic prevention policies at local levels frequently change with excessive control measures taken. The business community has complained that it is difficult to adapt. After the prevention and control policy of COVID-19 was downgraded to one of treating it as a Class B infectious disease, the customs clearance of fresh and perishable goods has returned to normal.

Recommendations

Establish a customs clearance system dedicated to highly time-sensitive

Establish a customs clearance system dedicated to highly time-sensitive imported and exported goods including those that are perishable, fresh and living, dangerous, extremely valuable, intended for disaster relief or medical emergency purposes.

The standards should be re-evaluated for the facilities of the inspection operation zone for special goods related to perishable goods, such as imported cold-chain food, imported aquatic animals, imported fruits, imported seedlings, fresh and living products for Hong Kong and Macao and blood; under the premise of controllable risk, the inspection sites outside the original supervision areas should continue to be used so as to avoid repeated construction and raise inspection efficiency.

Establish an expert consultation and emergency management system, set up an expert database, quickly call on experts to study the epidemic situation and prevention and control measures in the event of an epidemic, and put forward policy recommendations to ensure science-based and effective customs policy decisions.

9.1 With a view to preventing avoidable loss or deterioration of perishable goods, and provided that all regulatory requirements have been met, each Member shall provide for the release of perishable goods:

- (a) under normal circumstances within the shortest possible time; and

Laws and Regulations

China Customs has not put in place import and export administration system dedicated to perishable goods.

Implementation

In practice, customs offices across localities provide facilitation measures to secure the clearance of imported and exported goods that are perishable or fresh and living. For instance, the application of such priority and facilitation measures as "green channel" for fresh and living products, 24-hour customs clearance by appointment, "inspection upon arrival, and

release upon inspection", "review first, submission of documentation later, and release upon guarantee", "advance declaration and appointment for overtime" have guaranteed the rapid customs clearance of such goods.

Fresh or living products are mostly imported and exported goods under statutory inspection. Therefore good coordination of customs and inspection is the key to ensuring their rapid customs clearance. After the Entry-Exit Inspection and Quarantine Administration was officially integrated into the GACC on April 20, 2018, the new version of customs declaration was officially launched on August 1 to implement the unified declaration of integrated customs and inspection and quarantine. The Certificate of Inspection was abolished. However, after the integration of customs and inspection and quarantine, some professional and technical personnel of the former Inspection and Quarantine Administration were transferred from their original posts, resulting in a lack of personnel for documentary examination, which sometimes caused delays in the quarantine clearance of fresh and living products and negative impact on their clearance time. Moreover, since the current inspection and quarantine documents are basically manually checked, the efficiency of examination and law enforcement standards vary. Delays in customs clearance are not limited to isolated cases, posing integrity risks.

General Comment

The implementation is adequate. However, the new problems caused by the integration of customs and inspection and quarantine need to be solved urgently.

Recommendation

Maintain the stability and continuity of professional and technical personnel and ensure the standard and efficiency of job performance. Learn from the successful experience of electronic checking of customs declaration forms, step up investment in technology development of computerized electronic checking of inspection and quarantine documents, so as to further improve the efficiency of document check and reduce the risk to customs integrity.

(b) in exceptional circumstances where it would be appropriate to do so, outside the business hours of customs and other relevant authorities.

General Comment

The implementation is largely completed.

9.2 Each Member shall give appropriate priority to perishable goods when scheduling any examinations that may be required.

Laws and Regulations

Article 13 of Decree No. 138 of the GACC Rules of the P.R.C. Customs on Inspection of Imported and Exported Goods, which entered into force on 1 February, 2006, provides that: As to those goods that are dangerous, fresh and living, decayable, perishable, or likely to lose efficacy or deteriorate and are not suitable for long-time storage or goods for which urgent inspection and clearance is required due to any other special circumstances, the customs may prioritize the inspection of such goods upon application of the consignee or consignor of imported and exported goods or their agent.

General Comment

The implementation is adequate.

9.3 Each Member shall either arrange or allow an importer to arrange for the proper storage of perishable goods pending their release. The Member may require that any storage facilities arranged by the importer have been approved or designated by its relevant authorities. The movement of the goods to those storage facilities, including authorizations for the operator moving the goods, may be subject to the approval, where required, of the relevant authorities. The Member shall, where practicable and consistent with domestic legislation, upon the request of the importer, provide for any procedures necessary for release to take place at those storage facilities.

Implementation

Entry-exit port operators (ports, airports, etc.) may establish cold-chain storage facilities within the customs control area. Other enterprises may also

apply to customs for the establishment of cold-chain bonded warehouses, intended for the storage of fresh and living, or perishable goods.

General Comment

The implementation is adequate.

9.4 In cases of significant delay in the release of perishable goods, and upon written request, the importing Member shall, to the extent practicable, provide a communication on the reasons for the delay.

Implementation

In practice, the release of goods may be affected by multiple factors such as the wharf, customs and so on. It is very difficult to send written requests demanding the reasons for delays when they occur as it lacks legal basis and operability.

General Comment

This has not been implemented.

ARTICLE 8: BORDER AGENCY COOPERATION

Highlights and shortcomings-----

There is no significant change. Within the framework of its policies of optimizing the business environment, the government demanded further removal of the unreasonable restrictions such as regional segmentation and local protection. The effect of this remains to be further observed.

1. Each Member shall ensure that its authorities and agencies responsible for border controls and procedures dealing with the importation, exportation, and transit of goods cooperate with one another and coordinate their activities in order to facilitate trade.

Laws and Regulations

On May 4, 2014, the General Office of the State Council issued the Opinions on Supporting the Steady Growth in Foreign Trade (Decree of the State Council No. 19 □2014□) in which it is proposed “to speed up the construction of electronic ports, implement the handling of international trade through the Single Window and comprehensively promote ‘one declaration, one inspection and one release’ to achieve the sharing of information among port agencies and local governments.” (Link 8.1)

On July 17, 2014, the GACC and former General Administration of Quality Supervision, Inspection and Quarantine of the P.R.C. (AQSIQ) signed a Memorandum of Understanding on Deepening Customs-Inspection Cooperation and Jointly Promoting the Steady Growth in Foreign Trade. It is clearly stated that the two agencies will join hands to “comprehensively promote ‘one declaration, one inspection and one release’ in Customs-Inspection cooperation, speed up Single Window construction, promote mutual exchange of information, mutual recognition of control and mutual assistance in law enforcement (3Ms).” (Link 8.2)

At the end of 2014, the State Council released the Reform Plan on Implementing 3 Ms and Promoting the Development of Big Customs Clearance, setting the goal of further facilitating and securing trade through mutual exchange of information, mutual recognition of control, and mutual assistance in law enforcement. The plan clearly puts forward “promoting the Single Window construction” and proposes a definite timetable for the Single Window construction. (Link 8.3)

In recent years, the State Council has continuously promoted and deepened the reform to delegate power, streamline administration and improve government services and has repeatedly issued documents to push forward specific work, focusing on resolving such problems as multiple law enforcement, duplicate inspections and inconsistent standards. (Link 8.4)

In 2018, the State Council further proposed the improvement of the business environment and the promotion of “one website for all businesses” and other services. (Link 8.5)

In 2018, the State Council initiated the institutional reform to integrate the Entry-exit Inspection and Quarantine Administration’s duties and personnel of the former AQSIQ into the GACC. (Link 8.6)

After the institutional reform, China Customs began to amend and abolish a large number of regulations and documents, sort out and consolidate relevant procedures, and further clarify and simplify border control and services. (Link 8.7)

Since August 1, 2018, the customs has consolidated the declaration of imported and exported goods, merging the customs declaration form and the inspection declaration form into one and integrated the customs declaration and inspection declaration into “four ones” for enterprises, namely, “one customs declaration form, one set of accompanying documents, one set of parameter codes, one declaration system”. Specific measures include the following: streamlining a total of 229 items of goods declaration data from the original customs declaration and inspection declaration documents down to 105 items; consolidating the original customs declaration and inspection declaration documents into one set of accompanying documents (simplifying and integrating the accompanying documents of import declaration

by merging 74 items of original customs declaration and inspection declaration accompanying documents into 10 items and merging 102 items of regulatory documents into 64 items); the original customs declaration and inspection declaration parameters have been integrated into one set of parameter codes; the original customs declaration and inspection application declaration systems have been integrated into one declaration system. (Link 8.8)

In addition, China Customs has optimized and integrated the qualifications of the enterprises for customs declaration and inspection declaration, completely abolishing the Entry/Exit Certificates of Inspection and uniformly sending the release instruction for once only, so that operators at the premises of customs control operation can handle the formalities for the pick-up of the goods by the enterprises on the basis of the release instruction from the customs only. (Link 8.9)

In January 2019, the GACC and State Administration for Market Regulation jointly issued Announcement No. 14 of 2019 on the Incorporation of the Registration Certificate of Customs Declaration Unit (consignee of imported goods and consignor of exported goods) into the “Multi-certificate Integration” Reform, which simplified the relevant processes. It came into effect on February 1, 2019. (Link 8.10)

In May 2019, the GACC and the State Administration of Foreign Exchange jointly issued Announcement No. 93 of 2019 on the Cancellation of the Collection and Payment Certification Copy and the Customs Verification Copy of the Customs Declaration Form, deciding to cancel the collection and payment copy of the customs declaration form and the customs verification copy used for the verification of processing trade. It came into effect on June 1, 2019. (Link 8.11)

In addition, since 2018, the progress of networked online verification of documents between customs and other port control agencies has been accelerated significantly. (Link 8.12)

On October 22, 2019, Regulation on Optimizing the Business Environment was promulgated by Decree No. 722 of the State Council, which has come into force since January 1, 2020. The Regulations cover both domestic and

foreign trade. Article 45 states that the government and its relevant agencies shall, in accordance with the relevant requirements of the State for promoting the facilitation of cross-border trade, reduce the approval items relating to import and export in accordance with the law, eliminate unnecessary regulatory requirements, optimize and simplify the customs clearance process, improve the efficiency of customs clearance, clean up and standardize port charges, cut down the cost of customs clearance, and promote the handling of all port businesses related to international trade through China International Trade Single Window in a unified way. (Link 8.13)

On November 27, 2019, Premier Li Keqiang of the State Council presided over the executive meeting of the State Council to deploy the business environment work. He called for the adoption of supporting measures for the Regulations on Optimizing the Business Environment, accelerating the cleaning up, modification or abolition of rules and normative documents that did not conform to the Regulations, ensuring the implementation of the Regulations, speeding up a market-oriented, internationalized business environment based on rule of law, and making greater efforts to break down bottle-necks and solve thorny problems for various market entities encountered in their business investment and development. (Link 8.14)

Since 2020, relevant Chinese government agencies have been focusing on combating the COVID-19 pandemic and strengthened inter-agency coordination in stabilizing foreign trade and foreign investment. The Ministry of Transport, the Ministry of Commerce, the GACC, the National Railway Administration, the Civil Aviation Administration, the State Post Bureau, and the State Railway Group Co., Ltd. issued the Notice on Current Work for Better Serving the Stabilization of Foreign Trade on April 20, 2020 (No. 139 [2020] of the Ministry of Transport). Specific measures in five aspects were proposed: smoothing foreign trade transportation channels, promoting foreign trade transport facilitation, reducing logistics costs relating to import and export, creating a good external environment, and strengthening mechanism guarantees . (Link 8.15)

In July 2021, the GACC issued the 14th Five-Year Plan for Customs Development, proposing to improve the smartness of the means of border

control, coordinated control among various border agencies and cross-border cooperation, to realize information exchange and sharing and joint risk prevention and control, and to promote the construction of "smart borders". (Link 8.16)

In August 2021, the Notice on Further Deepening the Reform of Cross-Border Trade Facilitation and Optimizing the Port Business Environment (No. 85 [2021]) of the GACC, the NDRC, the Ministry of Finance, the Ministry of Transport, the Ministry of Commerce, the Health Commission, the State Administration of Taxation, the State Administration of Market Regulation, State Railway Administration and the Civil Aviation Administration proposed to strengthen cross-agency and cross-regional coordination and synergy to form a joint force. It also put forward specific tasks such as further optimizing the entire chain and the entire process of customs clearance, reducing import and export costs, strengthening technological empowerment, enhancing the comprehensive service capabilities of ports, improving the overall service environment for cross-border trade, and promoting smart connectivity and strengthening cross-border customs clearance cooperation and exchanges. (Link 8.17)

In November 2021, the State Council issued the Opinions on Carrying out Pilot Work of Business Environment Innovation, which clearly proposed to further remove unreasonable restrictions such as regional segmentation and local protection. (Link 8.18)

In 2022 and 2023, the GACC took the lead and worked with relevant agencies to successively implement dedicated operations to promote cross-border trade facilitation, with the number of participating cities expanding from 10 in 2022 to 17 in 2023. The GACC has also proposed that the security and smoothness of the cross-border customs clearance and logistics chain be upgraded, so as to promote the development of "dual circulation" of the domestic and international markets. (Link 8.19)

General Comment

In recent years cooperation among domestic border regulatory agencies has been increasingly enhanced. The institutional reform in 2018 simplified

the relevant border control agencies and procedures, which achieved good results. With the continuous advancement of the "Three Smarts" concept (smart customs, smart borders and smart connectivity) and of the construction of China International Trade Single Window, enterprises have strong expectations for the effectiveness of border control agencies.

Recommendations

Strengthen the coordination and cooperation between customs and transportation, banking, agriculture, health, science and technology departments, and further improve China International Trade Single Window by expanding its functional coverage and improving its operational efficiency. In addition, it is recommended that China's border agencies should strengthen cooperation with the border agencies of its trading partners. Currently, some inspection and quarantine certificates can be queried in China's customs system, but some have to be queried on the websites of the certificate issuing bodies of the trading partners. It is recommended to strengthen the joint verification and mutual recognition of the inspection and quarantine certificates by the two sides and to the use of information technologies such as online verification and web scraping, so as to reduce the cost of the system and to improve the effectiveness of the work.

2. Each Member shall, to the extent possible and practicable, cooperate on mutually agreed terms with other Members with whom it shares a common border with a view to coordinating procedures at border crossings to facilitate cross-border trade. Such cooperation and coordination may include:

- (a) alignment of working days and hours;
- (b) alignment of procedures and formalities;
- (c) development and sharing of common facilities;
- (d) joint controls;
- (e) establishment of one stop border post control.

Laws and Regulations

Countries and regions bordering the Chinese Mainland include 14 countries,

i.e. DPRK, Russia, Mongolia, Kazakhstan, Kyrgyzstan, Tajikistan, Afghanistan, Pakistan, India, Nepal, Bhutan, Myanmar, Laos and Vietnam; and two Special Administrative Regions, i.e. Hong Kong and Macao.

On April 16, 2018, the GACC promulgated Announcement No. 30 of 2018 on the Launching of the TIR Convention Pilot Program, deciding to start the TIR transportation pilot program at ports including Khorgos Port, Irkstan Port, Erlianhot Highway Port, Manchuria Highway Port, Suifen River Port. (Link 8.20)

On May 14, 2018, the GACC issued Announcement No. 42 on Pilot Implementation of TIR Convention, deciding to expand the scope of the TIR transport pilot program, further clarifying the carriers and vehicles that can engage in TIR transport, and designate Dalian Port as an additional TIR transport pilot port. (Link 8.21)

On March 8, 2019, the GACC issued Announcement No. 41 of 2019 on the Expansion of the Implementation of the TIR Convention Pilot Program, deciding to add Jeminay Port, Baktu Port, Alashankou Port and Dulata Port to the list of pilot ports for TIR transportation in China, which was implemented on March 25, 2019. (Link 8.22)

On May 15, 2019, the GACC issued Announcement No. 90 of 2019 on the Full Implementation of the TIR Convention. It decided to implement the TIR Convention in an all-round way in the whole country on the basis of previous pilot projects, which came into effect on June 25, 2019. (Link 8.23)

On April 20, 2020, the Ministry of Transport, the Ministry of Commerce, the GACC, the National Railway Administration, the Civil Aviation Administration, the State Post Bureau, and the National Railway Group Co., Ltd. issued the Notice on Current Work for Better Serving the Stabilization of Foreign Trade. Focusing on transportation, it clearly proposes to ensure the smooth flow of international road freight, improve the facilitation level of international road transportation, jointly maintain the normal international transportation order, and ensure the normal operation of the international logistics supply chain. It also specifically requests to accelerate the construction of the international road transport management and service information system, promote the full dynamic supervision and control of

international road transport vehicles, and provide strong support for the global opening of the international road transport market; profoundly carry out the policy analysis and evaluation of joining the European Agreement Concerning the International Carriage of Dangerous Goods by Road (ADR Convention) as well as the docking of regulations and standards, and accelerate the integration with the international conventions related to transportation facilitation; formulate a work plan for the Trans-Caspian International Transport Route, and expedite the development of new space for the radiation of international transport networks.

On December 29, 2022, the GACC issued Announcement No. 133 of 2022 on the Expansion of the Scope of Application of the Reform of Expedited Customs Clearance for Cross-border Road Traffic, which expanded the scope of application of the reform of expedited cross-border customs clearance to Changsha Customs, making Hunan Province the only province outside Guangdong Province to implement such cross-border customs clearance reform. (Link 8.24, 8.25)

Implementation

Information on the overall situation of road cargo transport routes, and mutual coordination and cooperation in port regulatory services between the customs authorities of China and those of its bordering countries cannot be accessed via public channels. Therefore no objective evaluation of the implementation of this Article can be conducted.

Recommendations

China Customs and relevant agencies disclose, as appropriate, the status of cooperation and coordination with bordering countries on relevant provisions of the Trade Facilitation Agreement, the TIR Convention and the European Agreement Concerning the International Carriage of Dangerous Goods by Road.

ARTICLE 9: MOVEMENT OF GOODS INTENDED FOR IMPORT UNDER CUSTOMS CONTROL

Highlights and shortcomings-----

1. China Customs pushed forward a series of pilot reforms for processing trade, namely: comprehensively promoting the supervision mode of processing trade of conglomerates, extending the time limit for reporting inter-plant transfer for deeper processing, optimizing the management of returns and exchanges of exported processed goods in processing trade, optimizing the formalities of reporting unit consumption before validation, allowing the reporting of consumption in the electronic assembly industry, innovating the parametric management mode of unit consumption, implementing the reform of "short or over range", advancing the reform of defective and substandard goods management, supporting the development of bonded repair and maintenance, optimizing the layout of customs controlled bonded premises, allowing the free flow, exchange and disposal of bonded components and materials between the member enterprises within a conglomerate (including enterprises within a conglomerate located across different customs regions). These reforms make the movement of imported goods subject to customs supervision in processing trade easier and cheaper, and effectively make up for the shortcoming of lacking fault tolerance and remedy mechanisms in the current system, addressing institutional violations caused by non-subjective errors made by enterprises and greatly reducing the risk of violations by enterprises.

2. Some regions, such as Tianjin and Dalian, actively implemented the pilot programs of cross-region bonded display transactions in customs special control areas, which promoted the movement and efficiency of imported goods under customs control, further reduced the operating costs of enterprises and supported the development of bonded display transactions within the bonded areas.

3. At present, the reform measures for processing trade are being piloted on a small scale in Dongguan and other places, and cross-region bonded display transactions are only being piloted in some areas, which need wider promotion.

Each Member shall, to the extent practicable, and provided all regulatory requirements are met, allow goods intended for import to be moved within its territory under customs control from a customs office of entry to another customs office in its territory from where the goods would be released or cleared.

Laws and Regulations

It is stipulated in Article 35 of the Customs Law of the P.R.C. that:

Customs formalities for imported goods shall be completed by the consignee at the Customs office through which the goods enter the territory; those for exported goods shall be completed by the consignor at the Customs office through which the goods depart from the territory.

Where it is applied for by the consignee or the consignor and approved by the Customs, Customs formalities for imported goods may be completed at the Customs office of destination, and those for exported goods at the Customs office of departure. The transport under Customs transit of the above-mentioned goods shall comply with the control requirements by the Customs. When necessary, the goods may be transported under Customs escort. (Link 9.1)

Decree No. 89 of the GACC Rules of the P.R.C. Customs on the Supervision and Control of Goods under Customs Transit (first revision in accordance with Decree No. 218 of the GACC on March 13, 2014; second revision in accordance with Decree No. 235 of the GACC on December 20, 2017; third revision in accordance with Decree No. 240 of the GACC on May 29, 2018). (Link 9.2)

Decree No. 219 of the GACC Rules of the GACC on the Supervision and Control of Processing Trade Goods' first amendment in accordance with Decree No. 235 of the GACC on December 20, 2017; second amendment

in accordance with Decree No. 240 of the GACC on May 29, 2018; third amendment in accordance with Decree No. 243 of the GACC on November 23, 2018; and fourth amendment in accordance with Decree No. 247 of the GACC on December 11, 2020. (Link9.3)

Decree No. 233 of the GACC on the Rules of P.R.C. Customs on the Administration of Temporarily Imported and Exported Goods. (Link 9.4)

Announcement No. 86 of 2016 of the GACC on the Administration of the Circulation of Bonded Goods in Customs Special Control Areas and in Bonded Places under Customs Control. (Link 9.5)

Announcement No. 127 of 2019 of the GACC on the Launching of the "Two-Step Declaration" Reform Pilot Program. (Link 9.7)

Announcement No. 216 [2019] of the GACC on Comprehensively Launching the "Two-step Declaration" Reform. (Link 9.8)

Announcement No. 218 [2019] of the GACC on Streamlining and Standardizing Operating Procedures to Facilitate Processing Trade. (Link 9.9)

Announcement No. 196 [2018] of the GACC on the Promotion of "Self-declaration and Self-payment" for Duties and Taxes on Domestic Sales of Processing Trade Materials and Parts. (Link 9.10)

Announcement No. 203 [2018] of the GACC on the Supervision and Control of Bonded Maintenance Operations. (Link 9.11)

Announcement No. 218 [2018] of the GACC on Comprehensively Promoting the Online Public Auction Co-management Mechanism for the Domestic Sale of Leftover Materials and Waste and Scrap Generated from Processing Trade. (Link 9.12)

Announcement No. 26 [2019] of the GACC on the Implementation of Innovative Supervision and Control Measures of "Four Self-services and One Simplification" in Comprehensive Bonded Zones. (Link 9.13)

Announcement No. 27 [2019] of the GACC on Support for Bonded R&D Operations in Comprehensive Bonded Zones. (Link 9.14)

Announcement No. 28 [2019] of the GACC on Support for Enterprises in the Comprehensive Bonded Zones in Undertaking Contract Processing Operations from Domestic Enterprises (Outside the Zones). (Link 9.15)

Announcement No. 29 [2019] of the GACC on the Inspection and Release of Foods Entering Comprehensive Bonded Zones from Overseas. (Link 9.16)

Announcement No. 36 [2019] of the GACC on the Implementation of "Entry before Inspection" for Animal and Plant Products Entering Comprehensive Bonded Zones from Overseas. (Link 9.17)

Announcement No. 50 [2019] of the GACC on the Simplification of the Administration of the Entry into and Exit from Comprehensive Bonded Zones. (Link 9.18)

Announcement No. 67 [2019] of the GACC and the Ministry of Culture and Tourism on the Simplification of the Approval and Control Formalities for Artworks in Comprehensive Bonded Zones. (Link 9.19)

Announcement No. 158 [2019] of the GACC on Conducting the Leasing and Bonded Futures Delivery Operations for Bonded Goods within Comprehensive Bonded Zones. (Link 9.20)

Announcement No. 21 [2020] of the GACC on Temporarily Extending the Write-off Period of Processing Trade Handbook (Account Books) and the Registration and Recordation Thereof. (Link 9.21)

Announcement No. 55 [2020] of the GACC on Temporary Exemption of Interest on Deferred Payment of Duties and Taxes for Domestic Sale of Processing Trade Goods. (Link 9.22)

Announcement No. 78 [2020] of the GACC on Adjusting the Time Limit for Declaration for Duty and Tax Payment on Domestic Sales in the Processing Trade. (Link 9.23)

Announcement No. 91 [2020] of the GACC on Further Advancing Paperless Supervision and Control of Entry and Exit of Means of Transport. (Link 9.24)

Announcement No. 210 [2019] of the GACC on Simplifying the Extension of the Validity Period of Bonded Logistics Centers (Type B). (Link 9.25)

Announcement No. 79 [2022] of the GACC on Issuing the Rules on the Supervision and Control of Duty-free Shopping by Travelers Leaving Hainan Island. (Link 9.26)

Announcement No. 73 [2020] of the GACC on Issuing the Rules of the

P.R.C. Customs on the Supervision and Control of the Yangpu Free Trade Port Zone. (Link 9.27)

Decree No. 245 of the GACC on Publishing the Rules of the P.R.C. Customs for the Administration of Duty and Tax Reductions and Exemptions for Imported and Exported Goods.(Link 9.28)

Announcement No.36 [2020] of the Ministry of Finance, the GACC, and the State Administration of Taxation on Stopping the Implementation of the Suspension of Duty and Tax Reduction and Exemption for 20 Commodities. (Link 9.29)

Announcement No.3 [2021] of the GACC on the Statistical Methods for Bonded Logistics Centers. (Link 9.30)

Announcement No.12 [2021] of the Ministry of Commerce and the GACC on Adjusting the Catalogue of Prohibited Commodities in Processing Trade. (Link 9.31)

Announcement No.80 [2021] of the GACC on Comprehensive Promotion of the Supervision and Control Mode of Enterprise Groups in Processing Trade. (Link 9.32)

Announcement No.121 [2021] of the GACC on Temporary Exemption of Interest on Deferred Payment of Duties and Taxes for Domestic Sales by Processing Trade Enterprises in 2022. (Link 9.33)

Announcement No. 45 [2021] of the Ministry of Commerce, the Ministry of Ecology and Environment and the GACC on the Issuance of Additional Catalogue of Products for Maintenance in Comprehensive Bonded Zones. (Link 9.34)

Decree No. 256 of the GACC of the P.R.C. on the Administration of Customs Comprehensive Bonded Zones. (Link 9.35)

Announcement No. 75 [2023] of the GACC on Further Standardizing the Management of Bonded Warehouses and Supervised Export Warehouses. (Link 9.36)

Implementation

The types of imported goods under the supervision and control of China Customs mainly include: imported trade goods; imported bonded goods;

imported goods on consignment, for exhibition, maintenance or lease; materials, parts, equipment for processing with incoming materials, assembling with incoming materials, processing with incoming samples, compensation trade and cooperation; imported materials, parts, machinery and equipment and finished products for export by joint ventures; transit goods, transshipment goods, through goods; and imported and exported exhibits, gifts, samples, advertising matters and imported donated materials. The scope of supervision of control of imported goods by China Customs is as follows: for imported goods, from entry to release by the customs; for exported goods, from declaration to exit; for materials, parts, equipment imported for processing and assembling, compensation trade, finished products produced, goods on consignment, for lease and bonded goods, from entry to the completion of the write-off after verification procedures at the customs, they shall be subject to the supervision and control of the customs.

China Customs allows goods intended for import to be moved within its territory and under customs control from a customs office of entry to another customs office in its territory from where the goods would be released or cleared.

General Comment

China Customs has formed a mature supervision and control system for the movement of imported goods and has been continuously implementing facilitation measures. The means of control are becoming more and more convenient, and the movement is becoming more and more efficient.

ARTICLE 10: FORMALITIES CONNECTED WITH IMPORTATION, EXPORTATION AND TRANSIT

Highlights and shortcomings-----

1. The implementation of the policy of decoupling or de-risking by certain countries towards China and the Russian-Ukrainian conflict have led to a sharp increase in the risks in the external environment. China's relevant ministries and customs have adopted a series of specific measures to ensure steady and high-quality growth in foreign trade, the effectiveness remains to be seen.
2. China Customs launched a dedicated operation in 2023 to promote cross-border trade facilitation, focusing on building highlands and benchmark cities for optimizing the port business environment.
3. China Customs has been proactively promoting the construction of "Smart Customs" since 2023.

----- *1 Formalities and Documentation Requirements*

Laws and Regulations

China Customs has put in place quite complete and clear formalities connected with importation, exportation and transit. (Link 10.1)

Chapter 2 Declaration Requirements and Chapter 4 Declaration Documentation of Decree No. 103 of the GACC Regulations of the P.R.C. Customs on the Administration of Import and Export Declaration set out explicit provisions on the declaration formalities and documentation requirements for imported and exported goods. Article 24 provides that rules on the declaration of transshipped, through goods and transit goods as well as expedited shipments shall be formulated separately by the GACC. (Links 10.2 and 10.3)

1.1 With a view to minimizing the incidence and complexity of import, export, and transit formalities and to decreasing and simplifying import, export, and transit documentation requirements and taking into account the legitimate policy objectives and other factors such as changed circumstances, relevant new information, business practices, availability of techniques and technology, international best practices, and inputs from interested parties, each Member shall review such formalities and documentation requirements and, based on the results of the review, ensure, as appropriate, that such formalities and documentation requirements are:

Implementation

Efforts have been made at the system level to further consolidate the outcome of the integrations of customs and inspection and adapt to the new demands of customs clearance. At the end of 2022, the GACC launched the coordinated revision of three Regulations, namely, Rules of the P.R.C. Customs governing the Declaration of Import and Export Goods, Rules governing the Declaration for Entry-Exit Inspection and Quarantine and Rules of the P.R.C. governing the Amendment and Cancellation of Customs Declarations for Import and Export Goods, which formed into the Rules of the P.R.C. Customs governing the Declaration of Import and Export Goods (Draft for Comments). The seeking of comments from the public has completed. (Link 10.4)

General Comment

Facing the huge impact of the changes in international environment relating to foreign trade, various measures have been taken and implemented fairly adequately, but the effectiveness remains to be seen.

Recommendations

The implementation of the policy of decoupling or de-risking has led to a sharp increase in external risks. The development of China's foreign trade is facing considerable challenges and the stabilization of foreign trade fundamentals is under considerable pressure. It is proposed to further accelerate the construction of "Smart Customs" and modern customs reforms, so as to realize the digitalization, automation and intelligence

of customs clearance and management, and to continuously improve the effectiveness of supervision and control.

(a) adopted and/or applied with a view to a rapid release and clearance of goods, particularly perishable goods;

Implementation

China Customs attaches great importance to the rapid release and clearance of goods. (Links 10.5 and 10.6)

This year the international environment has become increasingly complex. The measures of the GACC regarding customs release and clearance are mainly to continue to optimize the previous measures, including but not limited to:

- fast inspection and release of imported crude oil;
- expanding the scope of pilot facilitation measures such as "direct ship-side pick-up", "direct loading on arrival" and "coordinated unloading".;
- ensuring the smooth operation of the green channel for the inspection of fresh, live and perishable products at local customs offices;
- optimizing the process of control and inspection of high-tech equipment;
- accelerating the quarantine access for important agricultural products;
- accelerating the inspection and release of imported coal, cement and other resource commodities, etc.

Recommendations

Foreign trade development still faces many unstable, uncertain and unpredictable factors. It is proposed to further optimize the previous effective measures and gradually improve the efficiency of customs clearance through the internal optimization and integration within customs, the re-engineering of business processes, the simplification of documents and procedures and the strengthening of cooperation with other ministries and agencies.

(b) adopted and/or applied in a manner that aims at reducing the time and cost of compliance

for traders and operators;

Implementation

In April 2023, The GACC, together with the NPRC, the Ministry of Finance, the Ministry of Transport, the Ministry of Commerce and the General Administration of Market Supervision, deployed and mobilized a five-month special operation to promote cross-border trade facilitation in 17 cities in 12 provinces, including Beijing, Tianjin, Shanghai, Chongqing, Dalian, Ningbo, Xiamen, Qingdao, Shenzhen, Shijiazhuang, Tangshan, Nanjing, Wuxi, Hangzhou, Guangzhou, Dongguan and Haikou, for a period of five years in 2023.

This special operation mainly includes 19 measures in 5 areas: the first is to further deepen the construction of "smart ports" and the digital transformation of ports, including five measures to support localities in strengthening the construction of "smart ports" and pilot reforms of customs clearance modes; the second is to further support the upgrading of foreign trade industries and the healthy and sustainable development of new business forms and models, including four measures to promote the up-scaling and upgrading of processing trade; the third is to further enhance the security and smoothness of the supply chain of the cross-border customs clearance logistics chain and supply chain, including the continued promotion of four measures such as paperless documentation and handover facilitation for the operational aspects of the port and shipping logistics; the fourth is to further standardize and reduce compliance fees in the import and export process, including the continued implementation of two measures such as the Action Programme for Cleaning up and Standardizing Fees and Charges at Maritime Ports; and the fifth is to further enhance the sense of satisfaction of foreign trade operators, including four measures such as jointly promote "zeroing the problems" for the enterprises and improving the communication mechanism between government agencies and the business sector.

General Comment

As the international environment is becoming increasingly complex, the customs has been making efforts to reduce customs clearance time and costs while conducting research against the World Bank's new Doing Business Assessment Indicators. However, there is still room for continued enhancement and improvement.

(c) the least trade restrictive measure chosen where two or more alternative measures are reasonably available for fulfilling the policy objective or objectives in question.

General Comment

The implementation is adequate.

(d) not maintained, including parts thereof, if no longer required.

General Comment

The implementation is adequate.

1.2 The Committee shall develop procedures for the sharing by Members of relevant information and best practices, as appropriate.

2 Acceptance of Copies

2.1 Each Member shall, where appropriate, endeavour to accept paper or electronic copies of supporting documents required for import, export, or transit formalities.

Implementation

In its supervision and control practice, China Customs accepts paper or electronic copies of supporting documents. At present, the degree of paperless and online processing is getting increasingly higher. The customs will continue to simplify the accompanying documents that need to be provided or submitted by enterprises for customs clearance.

General Comment

The implementation is adequate.

2.2 Where a government agency of a Member already holds the original of such a document, any other agency of that Member shall accept a paper or electronic copy, where applicable, from the agency holding the original in lieu of the original document.

General Comment

The implementation is adequate.

2.3 A Member shall not require an original or copy of export declarations submitted to the customs authorities of the exporting Member as a requirement for importation.

Implementation

At both regulations and practice levels, China Customs does not require importers to submit an original or copy of an exporting Member's export declarations.

General Comment

The implementation is adequate.

3 Use of International Standards

General Comment

China Customs is interested in keeping its standards in tandem with international norms.

3.1 Members are encouraged to use relevant international standards or parts thereof as a basis for their import, export, or transit formalities and procedures, except as otherwise provided for in this Agreement.

Implementation

China Customs has already adopted or basically adopted the following

international standards:

The Harmonized Commodity Description and Coding System (HS codes);

International Convention on the Simplification and Harmonization of Customs Procedures (The Revised Kyoto Convention);

The WTO Agreement on Customs Valuation;

Authorized Economic Operator (AEO) programs;

The ATA Carnet;

System of respecting precedent in classification;

Voluntary disclosure system;

The TIR Convention.

3.2 Members are encouraged to take part, within the limits of their resources, in the preparation and periodic review of relevant international standards by appropriate international organizations.

Implementation

The implementation is adequate. (Link 10.7, 10.8, and 10.9)

General Comments

Since China joined the WCO in 1983 and the WTO in 2001, its participation in the development of relevant international standards of these organizations has been continuously increasing.

3.3 The Committee shall develop procedures for the sharing by Members of relevant information, and best practices, on the implementation of international standards, as appropriate. The Committee may also invite relevant international organizations to discuss their work on international standards. As appropriate, the Committee may identify specific standards that are of particular value to Members.

4 Single Window

4.1 Members shall endeavour to establish or maintain a single window, enabling traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single entry point to the participating authorities or agencies. After the examination

by the participating authorities or agencies of the documentation and/or data, the results shall be notified to the applicants through the single window in a timely manner.

4.2 In cases where documentation and/or data requirements have already been received through the single window, the same documentation and/or data requirements shall not be requested by participating authorities or agencies except in urgent circumstances and other limited exceptions which are made public.

4.3 Members shall notify the Committee of the details of operation of the single window.

4.4 Members shall, to the extent possible and practicable, use information technology to support the single window.

Implementation

As of July 2023, the International Trade Single Window system has realized 23 categories of basic service functions including goods declaration, manifest declaration, means of transport declaration, enterprise qualification application, application for control documents, application for certificate of origin, application for import quota, administrative approval, application for export tax refund, tax and fee payment, registration for bonded processing trade, cross-border e-commerce, clearance of articles, service trade, financial services, inspection and quarantine, list of port charges, port logistics, comprehensive services, mobile application, Hainan Free Trade Port, New Western Land-Sea Corridor and SCO Economic and Trade Comprehensive Services. . (Link 10.10 and 10.11)

General Comment

The objective of the Single Window construction has been determined and a standard version has been constructed at the national level. Some key port cities have a positive attitude towards the Single Window and have been pushing for its fast implementation. At present, various documents are declared through the Single Window in general.

Recommendations

1. Further improve the ports' comprehensive service capabilities. Deepen the function of the International Trade Single Window; advance the smart transformation of port construction, promote the shift to paperless port logistics documents such as Equipment Interchange Receipt (EIR), packing list and bill of lading; promote unified standards for maritime electronic bill of lading used by shipping companies; strengthen the construction of automated terminals, promote new technologies such as smart check point and driverless container vehicle; expand the application of smart image scanning, and improve the smartness of port infrastructure and supervision and control.
2. Except for special circumstances such as confidentiality, all regulatory documents involved in the import and export process should in principle be submitted through the Single Window, to be handled and controlled by relevant agencies respectively at the back end; promote the realization of online payment and self-service printing of documents.
3. Expand the use of new communication technologies such as WeChat and voice communication, and minimize the submission of paper documents through the counter.
4. Establish connectivity with overseas Single Window facilities, continue to promote connectivity with civil aviation, ports, railways, roads and other sectoral institutions, and provide enterprises with an all-the-way "one-stop" clearance logistics information service.

5 Preshipment Inspection

5.1 Members shall not require the use of preshipment inspections in relation to tariff classification and customs valuation.

Implementation

There is no "preshipment inspection in relation to tariff classification and customs valuation" at China Customs.

At present, four countries are involved in the implementation of preshipment

inspection by China Customs under inter-governmental agreements, namely Sierra Leone, Ethiopia, Iran and Yemen. Among them, for each batch of traded goods with a value of more than US \$ 2,000 exported to Sierra Leone or Ethiopia, China Customs verifies the value of the goods with a view to preventing valuation fraud. (Link 10.12, 10.13)

General Comment

The implementation is relatively adequate.

5.2 Without prejudice to the rights of Members to use other types of preshipment inspection not covered by paragraph 5.1, Members are encouraged not to introduce or apply new requirements regarding their use.

General Comment

The implementation is adequate.

6 Use of Customs Brokers

6.1 Without prejudice to the important policy concerns of some Members that currently maintain a special role for customs brokers, from the entry into force of this Agreement Members shall not introduce the mandatory use of customs brokers.

Implementation

China Customs does not maintain such mandatory requirement. The consignors and consignees can declare for customs clearance by themselves (they need to be recorded as foreign trader operators and registered as customs declaration enterprises) or use the service of customs brokers.

General Comment

The implementation is adequate.

6.2 Each Member shall notify the Committee and publish its measures on the use of customs brokers. Any subsequent modifications thereof shall be notified and published promptly.

6.3 With regard to the licensing of customs brokers, Members shall apply rules that are transparent and objective.

Laws and Regulations

The relevant rules of China Customs are transparent and objective.

Rules of the P.R.C. Customs on the Administration of Recordation of Customs Declaration Entities provides for the conditions and procedures for the administration of the recordation of customs declaration entities together with templates of relevant documents and forms. (Link 10.14)

General Comment

The implementation is adequate.

7 Common Border Procedures and Uniform Documentation Requirements

7.1 Each Member shall, subject to paragraph 7.2, apply common customs procedures and uniform documentation requirements for release and clearance of goods throughout its territory.

Implementation

China Customs is applying uniform customs clearance procedures and documentation requirements throughout the country.

General Comment

The implementation is adequate.

7.2 Nothing in this Article shall prevent a Member from:

(a) differentiating its procedures and documentation requirements based on the nature and type of goods, or their means of transport;

(b) differentiating its procedures and documentation requirements for goods based on risk management;

(c) differentiating its procedures and documentation requirements to provide total or partial exemption from import duties or taxes;

(d) applying electronic filing or processing; or

(e) differentiating its procedures and documentation requirements in a manner consistent with the Agreement on the Application of Sanitary and Phytosanitary Measures.

8 Rejected Goods

8.1 Where goods presented for import are rejected by the competent authority of a Member on account of their failure to meet prescribed sanitary or phytosanitary regulations or technical regulations, the Member shall, subject to and consistent with its laws and regulations, allow the importer to re-consign or to return the rejected goods to the exporter or another person designated by the exporter.

Laws and Regulations

Article 6 of Decree No. 217 of the GACC Rules of the P.R.C. Customs on the Administration of Direct Return of Imported Goods provides that:

Under any of the following circumstances which occurs after the goods have entered the territory and before the customs release formalities are completed, the customs shall order the party concerned to return the goods directly abroad:

- (1) the goods are prohibited by the State from being imported and have been dealt with by the customs in accordance with the law;
- (2) there is a violation of the State policies and regulations on inspection and quarantine and the violation has been dealt with by the customs in accordance with the law;
- (3) solid waste that is under import restriction is imported without permission and has been dealt with by the customs in accordance with the law; and
- (4) other circumstances where the goods shall be ordered to be directly returned for violation of relevant laws and administrative regulations of the State. (Link 10.15 and 10.16)

※Food Regulations : Quarantine of Animals and Plants, Health Quarantine

Decree No. 249 of the GACC on the Publication of the Rules of the P.R.C. on the Administration of Safety of Imported and Exported Food

Article 33 stipulates that:

Where the imported food fails the customs' conformity assessment, the customs shall issue a non-conformity certificate; where the food is unqualified in terms of safety, health and environmental protection, the customs shall notify the food importer in writing and order him to destroy or return the food; where the food is unqualified in terms of other items, they can be imported only if they meet the requirements of the conformity assessment by means of technical treatment. If the relevant imported food cannot be technically treated within the prescribed time period or is still unqualified after the technical treatment, the customs shall order the food importer to destroy or return it. (Link 10.17)

Article 27 of Decree No. 159 of the former AQSIQ Rules on Supervision and Administration of Inspection and Quarantine of Entry-Exit Non-edible Animal Products provides that:

After a non-edible animal product passes the inspection and quarantine and a Certificate of Inspection and Quarantine of Entry Goods is issued accordingly by the inspection and quarantine body, it may be sold, used or processed at a designated enterprise.

Where a product fails inspection and quarantine, a Notice on Inspection and Quarantine Treatment will be issued by the inspection and quarantine body and the product shall, under the supervision of the inspection and quarantine body, undergo quarantine treatment, be returned or destroyed by the owner or his agent; entry is permitted if a product passes inspection and quarantine after quarantine treatment. Where claims against a third party are needed, the inspection and quarantine body shall issue the relevant certificates.

Information regarding imported non-edible animal products that fail

inspection and quarantine shall be submitted to the GACC. (Link 10.18)

Article 20 of Decree No. 160 of the former AQSIQ Administrative Provisions on Health and Quarantine of Entry/Exit Special Articles provides that:

The port inspection and quarantine body shall release an entry/exit special article that complies with the requirements upon the completion of health quarantine. Under any of the following circumstances, a Notice on Inspection and Quarantine Treatment will be issued by the port inspection and quarantine body, and the article concerned shall be returned or destroyed:

- (1) the name, batch number, specification or biologically active ingredient does not match the approved content of the special article;
- (2) the quantity exceeds the approved range;
- (3) the packaging does not meet safety requirements for special articles;
- (4) the article fails to meet health and quarantine requirements upon quarantine inspection;
- (5) where the special article being mailed or carried is detained, the Approval Form of Special Article is not obtained within 7 days, or the article fails inspection and quarantine after obtaining the Approval Form of Special Article.

The port inspection and quarantine body shall properly record and file the result of the treatment. (Link 10.19)

Article 25 of Decree No. 169 of the former AQSIQ Rules on Quarantine Supervision and Administration of Imported and Exported Chinese Traditional Medicines provides that:

Where a product fails the quarantine, a Notice on Quarantine Treatment will be issued by the inspection and quarantine body, and the product shall, under the supervision of the inspection and quarantine body, undergo quarantine treatment, be returned or destroyed by the owner or his agent; entry is permitted if a product passes inspection and quarantine upon quarantine treatment.

Where claims against a third party are needed, the inspection and quarantine body shall issue relevant certificates pursuant to the rules. (Link 10.20)

Article 27 of Decree No. 146 of the former AQSIQ Rules on Quarantine Administration of Articles Carried by Entry/Exit Personnel provides that:

Where the carried article required to undergo laboratory quarantine or isolation quarantine passes the quarantine conducted by the inspection and quarantine body when detained, its carrier shall collect the article within the specified time limit upon presenting the receipt of detention; failure to collect shall be deemed as voluntarily abandoning of the article. Where the article fails the quarantine when detained and cannot be treated effectively, it shall be returned or destroyed within a specified time limit. (Link 10.21)

※ **Regulations on Technical Barriers to Trade (TBT): Goods**

Regulations on the Implementation of the Law of the P.R.C. on Inspection of Imported and Exported Goods provides that:

Article 19 Unless otherwise specified by laws or administrative regulations, where any imported goods subject to statutory inspection fail an inspection in items concerning safety of persons and property, health and environmental protection, the entry-exit inspection and quarantine body shall order the importer to destroy it, or subject it to return formalities upon the issuance of a Notice on Return of Goods; where the goods fail an inspection in other items, technical treatment may be applied under the supervision of the entry-exit inspection and quarantine body, and the goods may only be sold or used upon passing a re-inspection. Where the person concerned applies for a certificate to the entry-exit inspection and quarantine body, the entry-exit inspection and quarantine body shall issue such certificate in a timely manner.

The entry-exit inspection and quarantine body shall issue a notice of non-permission for installation or for use of imported complete sets of equipment and materials that are not qualified upon inspection. They can be installed and used only after technical treatment and re-inspection by the

entry-exit inspection and quarantine body.

Article 50 Where an overseas supplier or domestic consignee fails to register or undergo preshipment inspection when importing solid wastes that may be used as raw materials, he shall be ordered to return the goods pursuant to relevant State regulations; where the case is serious, the entry-exit inspection and quarantine body shall impose a fine ranging from CNY 100,000 to CNY 1 million.

Where an overseas supplier or domestic consignee already registered for importing solid wastes that may be used as raw materials seriously violates relevant State regulations, the entry-exit inspection and quarantine body shall revoke its registration.

Where imported used mechanical and electrical products fail to undergo preshipment inspection in accordance with the regulations, they shall be returned pursuant to relevant State regulations; where the case is serious, the entry-exit inspection and quarantine body shall impose a fine of less than CNY1 million. (Link 10.22)

Rules on the Inspection, Supervision and Administration of Imported and Exported Toys provides that:

Article 4 Imported toys shall be inspected pursuant to the compulsory requirements of the State's technical regulations.

Article 9 Where an imported toy fails an inspection, a Notice on Inspection and Quarantine Treatment will be issued by the inspection and quarantine body. Where a toy fails an inspection in items concerning safety of persons and property, health and environmental protection, the inspection and quarantine body shall order the person concerned to return or destroy it; where it fails an inspection in other items, technical treatment may be applied under the supervision of the inspection and quarantine body, and it may only be sold or used upon passing a re-inspection . (Link 10.23)

Article 18 of Decree No. 177 of the former AQSIQ Rules on the Administration of Inspection and Quarantine of Entry-Exit Grains provides that:

Where any of the following circumstances occurs regarding the imported grain, it shall be returned or destroyed:

- (1) not listed in the list of import entry issued by the AQSIQ, or without such documents as Plant Quarantine Certificate issued by the national or local competent authorities of the grains exporting country, or without the Quarantine Permit;
- (2) the testing result of toxic and harmful substances or other safety and health items fails to meet the compulsory requirements under the national technical codes, and the use of the grains cannot be changed or no effective treatments can be taken;
- (3) genetically modified component was found, but no Agricultural Genetically Modified Organisms Safety Certificate was provided, or the genetically modified component is inconsistent with that indicated in the certificate;
- (4) soil, pest of quarantine significance or any other prohibited inbound substance was found;
- (5) the grains have been decayed or deteriorated due to water damage or mold, or contaminated by chemical or radiological substance, and the use of the grains cannot be changed and no effective quarantine treatment can be taken; and
- (6) quality and safety of grains seriously endangered by other causes. (Link 10.24)

In Article 18 of Decree No.3 of the former AQSIQ Rules on the Administration of Inspection and Quarantine of Imported and Exported Express Consignment, it is provided that:

Under any of the following circumstances, the customs shall return or destroy the imported express consignments and issue relevant certificates:

- (1) no quarantine approval and failure to obtain quarantine approval when required to do so;
- (2) quarantine certificates or relevant statements that must be officially issued by the exporting country are not acquired in accordance with laws and regulations, relevant international treaties or bilateral agreements;

- (3) the imported express consignment does not qualify quarantine and no effective treatment can be taken;
- (4) the imported express consignment referred to in Article 22 of the Rules cannot be treated technically or is still unqualified after technical treatment and re-inspection; and
- (5) other circumstances where an imported express consignment has to be returned or destroyed in accordance with laws and regulations. (Link 10.25)

General Comment

Implementation of China Customs is adequate.

8.2 When such an option under paragraph 8.1 is given and the importer fails to exercise it within a reasonable period of time, the competent authority may take a different course of action to deal with such non-compliant goods.

Laws and Regulations

China Customs does not stipulate specifically how the goods should be dealt with if the party does not return the goods as ordered.

Implementation

Basically implemented, but there is still room for improvement.

Recommendation

It is recommended that a set of rules be established on handling goods that are not returned by enterprises by order, or those that are prohibited to be imported and detained by the customs, for example, solid waste and meat that do not conform to the health standards.

9 Temporary Admission of Goods and Inward and Outward Processing

9.1 Temporary Admission of Goods

Each Member shall allow, as provided for in its laws and regulations, goods to be brought into its customs territory conditionally relieved, totally or partially, from payment of import duties and taxes if such goods are brought into its customs territory for a specific purpose, are intended for re-exportation within a specific period, and have not undergone any change except normal depreciation and wastage due to the use made of them.

Laws and Regulations

Rules of the P.R.C. Customs on the Administration of Goods Temporarily Imported or Exported contains explicit provisions on goods temporarily imported for activities relating to exhibitions, cultural or sports events, news reports, science, education, medical care and charity as well as samples. (Links 10.26, 10.27)

General Comment

The implementation is adequate.

9.2 Inward and Outward Processing

(a) Each Member shall allow, as provided for in its laws and regulations, inward and outward processing of goods. Goods allowed for outward processing may be reimported with total or partial exemption from import duties and taxes in accordance with the Member's laws and regulations.

※ Inward Manufacturing and Processing

Laws and Regulations

China has been conducting inward processing for more than three decades and has a fairly sound “bonded” system for the administration of inward processing. These Rules include:

Decree No. 219 of the GACC Rules of the P.R.C. Customs on Supervision and Control of Processing Trade Goods; (Link 10.28)

Decree No. 155 of the GACC Rules of the P.R.C. Customs on the Administration of Unit Consumption in Processing Trade; (Link 10.29)

Announcement No. 21 of 2014 of the GACC Announcement of the P.R.C. Customs on the Implementation of Rules of the P.R.C. Customs on Supervision and Control of Processing Trade Goods; (Link 10.30)

Decree No. 150 of the GACC Rules of the P.R.C. Customs on Net-worked Online Supervision and Control of Enterprises Engaged in Processing Trade; (Link 10.31)

General Comment

The system of inward processing is complete.

Recommendations

There are issues that are open to discussion regarding China's regulations on inward processing regime including the scope of products permitted for inward processing, lists of products subject to prohibitions and restrictions for processing trade, unit consumption, write-off and verification, consumable materials, etc. It is recommended that the customs and competent commerce authorities look into them with a view to improving the regulations.

※ Inward Maintenance

Laws and Regulations

So far, China has rather complex regulations on inward maintenance.

1. Most products that are made in China are allowed for inward maintenance except for those prohibited from processing trade, such as medical equipment and parts thereof and game consoles.

2. Some products made by enterprises outside China can be maintained in special areas of customs supervision, while enterprises outside such areas cannot engage in inward maintenance (with a few exceptions).

However, at the end of 2018 and the beginning of 2019, the State Council and the GACC issued successively regulations to standardize customs supervision and control over bonded maintenance business, encourage support for legitimate and compliant inbound maintenance business,

allow enterprises in the comprehensive bonded area to carry out high-tech, high value-added, environmentally compliant bonded testing and global maintenance business, and support third-party inspection, testing and certification agencies to carry out import and export inspection and certification services in the comprehensive bonded area.

In 2023, the GACC launched 23 reform initiatives to further promote the high-quality development of comprehensive bonded zones, which introduced dynamic adjustment of the bonded repair catalogue for inbound bonded repair, supporting the inclusion of high-technology, high-value-added and environmentally friendly low-risk products in the bonded repair catalogue. Concrete results are to be observed. (Link 10.32, 10.33, 10.34)

Recommendations

It is recommended that the competent commerce authorities and the customs, taking into account the trend of economic globalization, conduct in-depth research in order to develop a science-based and reasonable regulatory regime for inward maintenance of common products, electronic products, and medical equipment originating from China or a foreign country.

※Outward Processing

Laws and Regulations

Article 29 of Decree No. 213 of the GACC provides for the collection of duties on goods re-imported after being temporarily exported for processing. The Article stipulates that when goods that are consigned outside the territory for processing are declared to the customs at the time of exportation and re-imported into the territory within the prescribed time period by the customs, the customs valuation of the goods shall be determined on the basis of the costs of processing, materials and parts incurred abroad, plus costs of transport and related expenses and insurance premiums incurred for the re-importation of the goods. (Link 10.35)

Implementation

In December, 2012, the GACC approved the application of Changchun Customs for outward processing operation. Since then, China Customs has launched pilot programs of outward processing with some enterprises. In 2015, the GACC announced in the following Measures that it would encourage pilot programs of outward processing in the mentioned Free Trade Zones:

Several Measures for Supporting and Promoting the Construction and Development of China (Fujian) Pilot Free Trade Zone;

Several Measures for Supporting and Promoting the Construction and Development of China (Tianjin) Pilot Free Trade Zone; and

Several Measures for Supporting and Promoting the Construction and Development of China (Guangdong) Pilot Free Trade Zone. (Link 10.36)

Outward processing operation has already started in Xiamen Customs and Dalian Customs.

In 2016, the GACC published Announcement No. 69 providing further for outward processing.

In 2020, the GACC announced its plan to improve the control model for outbound processing and overseas project contracting, encourage qualified enterprises to "go global", and support Chinese enterprises to participate deeply in global resource integration and market allocation. (Link 10.37)

In 2023, due to the implementation of the policy of decouple or de-risking by certain countries, which has led to a sharp increase in external risks, the development of China's foreign trade is facing considerable difficulties. Due to concerns of preventing the outflow of orders for the enterprises, the government's promotion of outward processing is limited.

General Comment

In general, outward processing is still at an early stage.

Recommendations

Study the specific regulations for outward processing taking into account the current international situation.

※Outward Maintenance

General Comment

The present systems of outward maintenance of imported or domestic products are fairly well-developed. (Links 10.38 and 10.39)

(b) For the purposes of this Article, the term "inward processing" means the customs procedure under which certain goods can be brought into a Member's customs territory conditionally relieved, totally or partially, from payment of import duties and taxes, or eligible for duty drawback, on the basis that such goods are intended for manufacturing, processing, or repair and subsequent exportation.

(c) For the purposes of this Article, the term "outward processing" means the customs procedure under which goods which are in free circulation in a Member's customs territory may be temporarily exported for manufacturing, processing, or repair abroad and then re-imported.

ARTICLE 11: FREEDOM OF TRANSIT

Highlights and shortcomings-----

1. Since January 1, 2022, China Customs officially launched the transit declaration information system to further improve the efficiency of examination and clearance using the information system.
2. Relevant laws and regulations such as the Biosafety Law, the Entry Exit Animal and Plant Quarantine Law, and the Frontier Health and Quarantine Law have been added as the legal basis for the Rules of the P.R.C. Customs on the Supervision and Control of Goods in Transit, incorporating quarantine related requirements into all stages of control of goods in transit.
3. To meet the needs of international cooperation in the supervision and control of transit goods, the content in the Rules of the P.R.C. Customs on the Supervision and Control of Transit Goods has been improved regarding transit goods of countries or regions that have signed with China or jointly participated in international treaties or agreements that contain provisions on the transit of goods, which are allowed to pass through in accordance with relevant provisions of these treaties or agreements.
4. The supervision and control mode of transit goods have been further optimized and the declaration documents for transit goods have been simplified with the submission of such documents as waybills, loading lists, cargo lists and invoices no longer required, and the requirements for the operational processes of customs examination and validation have also been simplified.

1 Any regulations or formalities in connection with traffic in transit imposed by a Member shall not be:

(a) maintained if the circumstances or objectives giving rise to their adoption no longer exist or if the changed circumstances or objectives can be addressed in a reasonably available less trade-restrictive manner;

(b) applied in a manner that would constitute a disguised restriction on traffic in transit.

Laws and Regulations

Customs Law of the P.R.C. (2017 Revised Edition) (Link 11.1)

Decree No. 260 of the GACC Rules of the P.R.C. Customs on the Supervision and Control of Goods in Transit. (Link 11.2)

Rules on the Supervision and Administration of Inspection and Quarantine of Entry-Exit Non-edible Animal Products (Link 11.3)

Rules on the Administration of Inspection and Quarantine of Entry-Exit Genetically Modified Products (Link 11.4)

Rules on the Supervision and Administration of Inspection and Quarantine of Imported and Exported Meat Products (Link 11.5)

Rules on the Supervision and Administration of Inspection and Quarantine of Imported and Exported Feed and Feed Additives (Link 11.6)

Rules on the Supervision and Administration of Inspection and Quarantine of Imported and Exported Grain (Link 11.7)

Order No. 180 [2019] of the GACC Announcement on Prohibiting Transit of Special Articles (Link 11.8)

Order No. 116 [2021] of the GACC Announcement on Promoting Paperless Declaration of Transportation of Goods in Transit (Link 11.22)

Decree No. 44 [2023] of the GACC Announcement on Further Expanding the Scope of Cross border Transportation of Domestic Trade Goods in Jilin Province. (Link 11.23)

Implementation

China has established customs procedures in connection with traffic in transit and does not impose any disguised restriction on traffic in transit. Transit goods of countries or regions that have concluded with China or jointly participated in international treaties or agreements that contain provisions on the transit of goods shall be allowed to pass through in accordance with relevant treaties or agreements. Other transit goods shall be approved by the competent state commerce and transportation authorities and registered with the customs of the place of entry before being allowed to transit. In case the laws and regulations

provide otherwise, comply accordingly..

General Comment

The implementation is adequate.

2 Traffic in transit shall not be conditioned upon collection of any fees or charges imposed in respect of transit, except the charges for transportation or those commensurate with administrative expenses entailed by transit or with the cost of services rendered.

Laws and Regulations

Article 14 of Decree No. 260 of the GACC Rules of the P.R.C. Customs on the Supervision and Control of Goods in Transit provides that:

Customs may dispatch personnel to escort transit goods according to work needs, and the person in charge of the transportation vehicle shall provide convenience. (Link 11.2)

Implementation

Decree No. 260 of the GACC Rules of the P.R.C. Customs on Supervision and Control of Goods in Transit simplifies the provisions for customs to dispatch personnel to escort transit goods according to work needs, with the content of paying fees according to regulations removed. (Link 11.2)

General Comment

The implementation is adequate.

3 Members shall not seek, take, or maintain any voluntary restraints or any other similar measures on traffic in transit. This is without prejudice to existing and future national regulations, bilateral or multilateral arrangements related to regulating transport, consistent with WTO rules.

Implementation

The Chinese government does not maintain any additional voluntary

restraints or take any other similar measures on traffic in transit.

General Comment

The implementation is adequate.

4 Each Member shall accord to products which will be in transit through the territory of any other Member treatment no less favourable than that which would be accorded to such products if they were being transported from their place of origin to their destination without going through the territory of such other Member.

Implementation

The Chinese government does not impose any restraints on products that are in transit through the territory of any other Member.

General Comment

The implementation is adequate.

5 Members are encouraged to make available, where practicable, physically separate infrastructure (such as lanes, berths and similar) for traffic in transit.

Implementation

Adapting to the requirements of the WTO Trade Facilitation Agreement and the WCO Transit Guidelines for facilitating transit transportation, China Customs has been continuously optimizing control and services, overcoming the difficulties in transit clearance, and building economic, fast, and stable transit channels. (Link 11.24)

General Comment

The implementation is adequate.

6 Formalities, documentation requirements, and customs controls in connection with traffic in transit shall not be more burdensome than necessary to:

- (a) identify the goods; and

(b) ensure fulfilment of transit requirements.

Implementation

China Customs continues to optimize the supervision and control mode of transit goods, simplifying the declaration documents and customs examination, validation and inspection of goods in transit.

General Comment

The implementation is adequate.

7 Once goods have been put under a transit procedure and have been authorized to proceed from the point of origination in a Member's territory, they will not be subject to any customs charges nor unnecessary delays or restrictions until they conclude their transit at the point of destination within the Member's territory.

Implementation

Goods in transit are not subject to any customs charges nor unnecessary delays or restrictions throughout the current process.

General Comment

China Customs meets the requirement.

8 Members shall not apply technical regulations and conformity assessment procedures within the meaning of the Agreement on Technical Barriers to Trade to goods in transit.

Implementation

At present, China's competent authority in charge of transit does not apply technical regulations and conformity assessment procedures within the meaning of the Agreement on Technical Barriers to Trade to goods in transit.

General Comment

The implementation is adequate.

9 Members shall allow and provide for advance filing and processing of transit documentation and data prior to the arrival of goods.

Implementation

China Customs allows advance filing and processing of transit documentation and data.

General Comment

The implementation is adequate.

10 Once traffic in transit has reached the customs office where it exits the territory of a Member, that office shall promptly terminate the transit operation if transit requirements have been met.

Implementation

Generally, once traffic in transit has reached the customs office where it exits the territory, China Customs will promptly terminate the transit operation if transit requirements have been met.

General Comment

The implementation is adequate.

11 Where a Member requires a guarantee in the form of a surety, deposit or other appropriate monetary or non-monetary instrument for traffic in transit, such guarantee shall be limited to ensuring that requirements arising from such traffic in transit are fulfilled.

Laws and Regulations

Article 5 of Decree No. 581 of the State Council Regulations of the P.R.C. on Guarantee for Customs Affairs stipulates that where a party concerned engages in the transit of goods and means of transport, he shall provide a guarantee as required by the customs. (Link 11.14)

Implementation

China Customs allows parties to provide guarantees for the transit of goods

and means of transport.

General Comment

The implementation is adequate.

12 Once the Member has determined that its transit requirements have been satisfied, the guarantee shall be discharged without delay.

Laws and Regulations

Regulations of the P.R.C. on Guarantee for Customs Affairs provides that when a party concerned has fulfilled the relevant legal obligations or has ceased handling the particular customs operation, the party concerned shall be notified in writing to complete the formalities of the discharge of the guarantee and the rights.

General Comment

The implementation is adequate.

13 Each Member shall, in a manner consistent with its laws and regulations, allow comprehensive guarantees which include multiple transactions for same operators or renewal of guarantees without discharge for subsequent consignments.

Laws and Regulations

Article 5 of Decree No. 581 of the State Council Regulations of the P.R.C. on Guarantee for Customs Affairs provides that where a party concerned engages in the transit of goods and means of transport, he shall provide a guarantee as required by the customs. Article 11 provides that the party concerned that handles the same kind of customs affairs multiple times within a specific period may apply to the customs for the provision of comprehensive guarantees. Where the customs accepts the comprehensive guarantees, the party concerned no longer provides any separate guarantee when he handles the same kind of customs affairs. (Link 11.14)

Implementation

The implementation is adequate.

14 Each Member shall make publicly available the relevant information it uses to set the guarantee, including single transaction and, where applicable, multiple transaction guarantee.

Laws and Regulations

The State Council Order No. 581 Regulations of the P.R.C. on Customs Affairs Guarantees specifies that in 5 situations and 8 specific customs operations, the parties may apply to the customs for providing guarantee before completing customs procedures and request for an early release of the goods. (Link 11.14)

Implementation

The implementation is adequate.

15 Each Member may require the use of customs convoys or customs escorts for traffic in transit only in circumstances presenting high risks or when compliance with customs laws and regulations cannot be ensured through the use of guarantees. General rules applicable to customs convoys or customs escorts shall be published in accordance with Article 1.

Laws and Regulations

Article 14 of Decree No. 260 of the GACC Rules of the P.R.C. Customs on the Supervision and Control of Goods in Transit provides that:

Customs may dispatch personnel to escort transit goods according to work needs, and the person in charge of the transportation vehicle shall provide convenience. (Link 11.2)

Implementation

The customs dispatch personnel to escort the goods in transit. The implementation is adequate.

16 Members shall endeavour to cooperate and coordinate with one another with a view to

enhancing freedom of transit. Such cooperation and coordination may include, but is not limited to, an understanding on:

- (a) charges;
- (b) formalities and legal requirements; and
- (c) the practical operation of transit regimes.

Implementation

China has been continuously promoting international cooperation in transit to enhance freedom of transit, which achieved remarkable results (Links 11.16, 11.17, 11.18, 11.19, 11.20, 11.21, 11.25)

For example, in 2022, the number of containers transiting and importing/exporting through the China Kazakhstan (Lianyungang) logistics cooperation base in the five Central Asian countries reached 51854 TEUs, a year-on-year increase of 11%. The types of transit goods have expanded from initial automotive parts and electronic components to various fields such as building materials, home furnishings, mechanical and electrical products, grain, minerals, chemical materials, etc. The transit time of international containers in Lianyungang has also been shortened from over 4 days to less than 1 day.

General Comment

The implementation is adequate.

17 Each Member shall endeavour to appoint a national transit coordinator to which all enquiries and proposals by other Members relating to the good functioning of transit operations can be addressed.

Laws and Regulations

The competent State authorities in charge of commerce and transportation are national transit coordinators for China. (Link 11.2)

Implementation

The implementation is adequate.

PART 2

QUANTITATIVE ANALYSIS

**– Assessment on Trade
Facilitation in China**

QUANTITATIVE ASSESSMENT ON TRADE FACILITATION IN CHINA

The quantitative assessment is an important part of Trade Facilitation Annual Report of China (the Annual Report). The 11 indicators of the quantitative assessment, which matched with the 11 articles of the TFA, is scored based on the content of the Review according to the TFA Text. This assessment is expected to enable readers to understand the current situation of trade facilitation in China and the changes compared with the previous year more intuitively and provide reference for the policy-making in the fields of trade facilitation.

1 Methodology

1.1 Design of the Indicator System

The indicator system of this assessment, designed entirely based on the articles of the TFA, includes 11 first-level indicators and 64 second-level indicators under which several third-level indicators, forth-level indicators and fifth-level indicators are set. The number of the indicators in each level is shown below:

Table 1 How to set the weights of the sub-indicators

First-level	Second-level	Third-level	Forth-level	Fifth-level
1 Publication and availability of information	4	9	13	-
2 Opportunity to comment, information before entry into force, and consultations	2	3	-	-
3 Advance rulings	9	-	-	-
4 Procedures for appeal or review	6	2	-	-
5 Other measures to enhance impartiality, non-discrimination and transparency	3	3	-	-

6 Disciplines on fees and charges imposed on or in connection with importation and exportation	3	11	-	-
7 Release and clearance of goods	9	31	18	6
8 Border agency cooperation	2	-	-	-
9 Movement of goods intended for import under customs control	1	-	-	-
10 Formalities connected with importation, exportation and transit	9	19	7	4
11 Freedom of transit	17	-	-	-

The inclusive and subordinative relationship among the indicators of different levels are created according to the hierarchical structure of the text of the TFA.

1.2 Scoring Method

The Review according to the TFA Text gives 4 classes of qualitative evaluation on the implementation of each article/paragraph. The quantitative assessment set corresponding scores on different classes of qualitative evaluation as follows:

Table 2 Scores corresponding to the classes of qualitative evaluation

Class of qualitative evaluation	Score (0-2)
The implementation is adequate.	2.0
The implementation is fairly adequate, but partial improvement is also needed.	1.5
The implementation is not adequate, and overall improvement is needed.	1.0
No implementation.	0.0

By the above method, each of the bottom-level indicators, which corresponds to a certain article/paragraph of the TFA, is scored. It is noted that a few paragraphs of the TFA are explanatory texts which do not need to be evaluated.

1.3 Statistical Method

The purpose of the statistics is to calculate the scores of the indicators at each level, from bottom to top, to finally get the Trade Facilitation Index. The process of the statistics involves setting the

weights of the indicators:

- 1) from the bottom-level indicators to the first-level indicators: the weight of each indicator is set according to the approximate proportion of its corresponding article/paragraph text in the TFA;
- 2) from the first-level indicators to the final Trade Facilitation Index: the weight of each first-level indicator is set through grading by the expert team of the Annual Report.

After being calculated, the scores (0-2) of the first-level indicators will be transferred to the scores in percentage (0-100).

2 Conclusion

All the scores of the first-level indicators and the second-level indicators are shown below:

Table 3 Scores of the first-level indicators & the second-level indicators

First-level Indicator				Second-level Indicator		
No.	Weight	Score (0-2)	Score (0-100)	No.	Weight	Score (0-2)
1 Publication and availability of information	11.00%	1.61	80.34	1.1	52.38%	1.80
				1.2	23.81%	1.39
				1.3	19.05%	1.50
				1.4	4.76%	1.00
2 Opportunity to comment, information before entry into force, and consultations	10.50%	1.69	84.38	2.1	75.00%	1.75
				2.2	25.00%	1.50
3 Advance rulings	9.25%	1.89	94.44	3.1	11.11%	2.00
				3.2	11.11%	2.00
				3.3	11.11%	2.00
				3.4	11.11%	2.00
				3.5	11.11%	2.00
				3.6	11.11%	2.00
				3.7	11.11%	1.50
				3.8	11.11%	2.00
				3.9	11.11%	1.50

4 Procedures for appeal or review	10.50%	1.71	85.71	4.1	28.57%	1.75
				4.2	14.29%	1.50
				4.3	14.29%	2.00
				4.4	14.29%	2.00
				4.5	14.29%	1.50
				4.6	14.29%	1.50
5 Other measures to enhance impartiality, non-discrimination and transparency	5.00%	1.90	95.00	5.1	20.00%	1.50
				5.2	20.00%	2.00
				5.3	60.00%	2.00
6 Disciplines on fees and charges imposed on or in connection with importation and exportation	9.75%	1.76	87.85	6.1	33.33%	1.83
				6.2	8.33%	1.50
				6.3	58.33%	1.75
7 Release and clearance of goods	12.75%	1.73	86.31	7.1	4.08%	1.75
				7.2	2.04%	2.00
				7.3	14.29%	1.88
				7.4	8.16%	1.50
				7.5	8.16%	1.88
				7.6	4.08%	1.00
				7.7	22.45%	1.75
				7.8	26.53%	1.83
				7.9	10.20%	1.38
8 Border agency cooperation	8.50%	1.50	75.00	8.1	50.00%	1.50
				8.2	50.00%	1.50
9 Movement of goods intended for import under customs control	8.25%	2.00	100.00	-	-	-
10 Formalities connected with importation, exportation and transit	11.50%	1.76	88.17	10.1	17.86%	1.50
				10.2	10.71%	2.00
				10.3	10.71%	1.75
				10.4	3.57%	1.50
				10.5	7.14%	2.00
				10.6	10.71%	2.00
				10.7	7.14%	2.00
				10.8	7.14%	1.50
				10.9	25.00%	1.63

11 Freedom of transit	3.00%	1.97	98.53	11.1	5.88%	2.00
				11.2	5.88%	2.00
				11.3	5.88%	2.00
				11.4	5.88%	2.00
				11.5	5.88%	2.00
				11.6	5.88%	2.00
				11.7	5.88%	2.00
				11.8	5.88%	2.00
				11.9	5.88%	2.00
				11.10	5.88%	2.00
				11.11	5.88%	2.00
				11.12	5.88%	2.00
				11.13	5.88%	2.00
				11.14	5.88%	2.00
				11.15	5.88%	2.00
				11.16	5.88%	1.50
				11.17	5.88%	2.00
Trade Facilitation Index			1.75	87.25	-	-

By weighted averaging the scores of the 11 first-level indicators, the Trade Facilitation Index of this year (2023) is calculated: 87.25 (0-100). The first-level indicators are divided into three performance degrees:

Table 4 Performance degrees of the first-level indicators

Performance degree	Indicator
Excellent (≥ 90)	3 Advance rulings 5 Other measures to enhance impartiality, non-discrimination and transparency 9 Movement of goods intended for import under customs control 11 Freedom of transit
Good (< 90 and ≥ 80)	1 Publication and availability of information 2 Opportunity to comment, information before entry into force, and consultations 4 Procedures for appeal or review 6 Disciplines on fees and charges imposed on or in connection with importation and exportation 7 Release and clearance of goods 10 Formalities connected with importation, exportation and transit
Fair (< 80 and ≥ 60)	8 Border agency cooperation

Compared with last year, the performance of this year increases by 1.02 points. This improvement is achieved by the changes in two aspects:

1) in October 2023, the official website of the General Administration of China Customs (GACC) added the laws and regulations of the former China Entry-Exit Inspection and Quarantine Bureau in its column of "Customs Regulations", which upgraded the implementation of Paragraph 2.1.2 of Article 2 of TFA in China from "fairly adequate" to "adequate". As a result, the score of "Opportunity to Comment, Information before Entry into Force, and Consultations" increased from 75.00 to 84.38;

2) for cross-border railway transit and cross-border land-sea combined transport, the border ports have continuously optimized the infrastructure to provide faster and more stable logistics operation services, which has raised the implementation status of Paragraph 11.5 of Article 11 of TFA in China from "fairly adequate" to "adequate". As a result, the score of Freedom of Transit increased from 97.06 to 98.53.

2024 中国贸易便利化年度报告

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