

China Customs & Trade News

July 2007



Supplementary Notice – Processing Trade Prohibitions

The General Office of the Department of Commerce, General Administration of Customs, General Agency of Environment Protection and General Agency of Quality Inspection issued a Supplementary Notice for Announcement No.17, 2007 effective July 4, 2007. The Supplementary Notice confirms that Processing Trade, including bonded transfer for further processing, may still be possible in relation to the following:

- Certain paper articles under Headings 4801-4816.
- Certain finished hides and skins under Headings 4104-4106 and 4107-4115
- Certain steel products under Headings 7218, 7224

The Supplementary Notice also sets out clarifications in relation to scrap materials and wasted and crushed material and parts and dismantled pieces of used electronic products. Certain Processing Trade rules are becoming increasingly industry and product specific so a closer review of the regulations is now essential. Processing Trade enterprises can also refer to the website of the Department of Commerce for updates regarding newly added commodities.

Supervision and Examination of Imported Medical Equipment

A new regulation <Measures on Supervision and Examination of Imported Medical Equipment> was issued by AQSIQ and will take effect on December 1, 2007 (see Decree

No.95). The new regulation sets out measures for:

- Grading management of medical equipment importers
- Risk grading of the medical equipment
- Supervision means (e.g. pre-shipment, upon arrival)
- Supervision of donated medical equipment
- Alert measures and quick response mechanism
- Liabilities (e.g. downgrading, detained equipment, fines)
- Importation of used medical equipment

There is no definition of medical equipment in Decree No.95. However, it was indicated that the AQSIQ would soon release a <Medical Equipment Risk Grading Catalogue>. The <Catalogue> may be organized by HS codes, which would help define “medical equipment”. For a definition one can also refer to State Council Decree No. 276, which defines the scope by words rather than HS codes. Decree No. 276 refers to devices, equipment, instruments, materials, and other articles and software for use on the human body for listed purposes, such as disease diagnosis.

New Administrative Appeals Law

A new Administrative Appeal Law of the People’s Republic of China was passed at a State Council executive meeting in May and will take effect on August 1, 2007 (see PRC State Council Order No.499). Resolution of customs disputes at an administrative level is still favoured over judicial proceedings on the basis that it should be timelier and less costly for all parties involved. The new implementation law covers the following:

- Application for administrative appeal
- Duration for administrative appeal application
- Receipt of administrative appeal
- Decision of administrative appeal
- Administrative appeal guidance and supervision
- Legal responsibility

In practice, the vast majority of customs disputes are still likely to be settled at a local Customs level without recourse to administrative appeal proceedings.

Other News

Last month Dalian Port obtained “bonded port area” status. The Dalian model follows that of Yangshan Port in Shanghai. Tianjin is expected to also obtain “bonded port area” status in the near future. Also last month the Hong Kong SAR and the Central Government agreed on further services liberalization and economic co-operation under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), and signed the Supplement IV to the CEPA. These further liberalisation measures focused on trade in services rather than trade in goods and will take effect on January 1, 2008. On July 1, 2007, further tariff liberalisation for trade in goods between China and Pakistan took effect. China continues to negotiate free trade agreements with a host of other trading partners in Asia and beyond.

Other New Regulations

The GAC issued <Notice Regarding the Publication of the Trial Administrative Measures for Expanding Logistic Function and Launching Research, Detection and Repair Services in Export Processing Zones>. See Notice [2007] 133 dated July 10, 2007. See our previous publication for an explanation about this new development in Export Processing Zones.

The GAC, NDRC, MOF and MOFCOM jointly issued <Notice Regarding Some Questions on the Implementation of Certain Tax Preferential Policies for Importation >. See Notice [2007] 35 dated July 13, 2007.

The GAC has issued a <Notice Regarding Some Questions on Tariff and VAT Treatment for the Importation of Certain Key Parts for the Development and Manufacture of High Speed Air Jet Looms and Automatic Winders>. See GAC Notice [2007] 36 dated July 17, 2007.

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