

China - Circular of the State Council on Issues Covering Border Trade, 1996

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Circular of the State Council on Issues Covering Border Trade (Promulgated by the State Council on January 3, 1996)

[Preamble]

In order to encourage development of border trade and economic cooperation between our border areas and the neighboring countries, the State formulated in the past years a series of policies and measures which are aimed to support and encourage border trade and economic development in our border areas. Those policies and measures had played a positive role in vigorous promotion of economic development in the border areas. strengthening the unification of nationalities as well as consolidation and development of making the border areas prosperous and stable, harmony and friendly relations with the neighboring countries. Along with the deepening of our reform and opening Cup, there exists a need to adjust, regulate and perfect those policies and measures in compliance with general requirements of building socialist market economy. The circular on the relevant issues is hereby given a follows:

1.Issues on the administrative forms of the border trade

Based on the real situation of the border trade and following the international common practice, the present border trade shall be administrated in the following two forms:

Exchanging goods by border residents, which refers to the trade activity of exchanging goods by the border residents with the goods not more than the set amount or quantity at the open-up points or markets designated by the government within the border areas 20 kilometers from the boundary line. Exchanging goods by border residents shall be governed by administrative rules unifiedly* set by the Ministry f Foreign trade and Economic cooperation (MOFTEC) and the Customs General Administration and the rules shall be concretely implemented by the people's governments of the border provinces and autonomous regions.

Border trade in small amount, refers to the trade activity between the Chinese enterprises which are granted with operation tight of border trade on small amount in the administrative areas of the open border counties(banners) or border towns along the boundary line (hereinafter referred as border area) approved by the state, and the enterprises or other trade organizations in the border areas of the neighboring countries at the land border trade activities other than exchanging goods by the border residents shall be brought into the uniform administration of border trade on small amount and subject to its related policies. The administrative rules on border trade in small amount shall be promulgated by MOFTEC in consultation with the concerned departments under the State Council.

2. Issues on tariffs and import duties of border trade.

Goods imported as exchanging goods by the border residents in amount less than RMB1,000 yuan per person per day shall be exempt from tariffs and import duties. In case that the amount exceeds RMB1,000 Yuan, the excessive amount shall be levied tariffs and import duties in compliance with stipulated tax rates. The Customs General Administration shall adjust relevant supervision and administrative regulations accordingly.

Except for cigarettes, wines and cosmetics as well as other commodities subject to tariffs and duties in accordance with the state regulations, commodities originally produced in the neighboring countries to be imported by the enterprises in business of border trade in small amount at designated border ports shall be levied half duties and import duties against the stipulated rates, in the first three years of the Ninth five Year Plan period (1996-1998).

Commodities imported other than border trade but through barter trade and under economic and technical cooperation with the former Soviet Union, the Eastern European countries and other neighboring countries shall be carried out according to the national uniform import taxation policies.

3. Issues on import and export administration of border trade in small amount

The operation rights of an enterprise engaged in border trade in small amount shall be examined and approved by the border provinces and autonomous regions based on the operational qualifications and conditions formulated by MOFTEC as well as within the numbers of enterprises authorized. The list of enterprises engaged in border trade in small amount must be reported to MOFTEC for verification and approval and reported to the concerned departments of the State Council for record. Enterprises not allowed to conduct border trade in small amount. In principle, operation of border trade in small amount will not be restricted by the forms of trade and business scope.

The border provinces and autonomous regions are allowed to designate 1-2 enterprises engaged in border trade in small amount to export to those land neighboring countries the commodities produced locally and jointly conducted by the companies authorized by the state. and to import the commodities handled exclusively by the companies designated by the state. The list enterprises engaged in those business must be reported to the MOFTEC for verification and approval.

Except for those commodities that are subject to unified tender nationwide and required to be jointly conducted or chemicals that may be commonly used for military and civil purpose as well as chemicals from which poison is easily made, No quota or license is needed for the enterprises engaged in border trade in small amount to export the commodities that are under quota and license administration by the state, but the MOFTEC and the State Planning Commission shall adopt macro administration over such business, Within the trade volume stipulated by MOFTEC, the Customs shall release goods

according to the export contracts of the enterprises and the documents issued by the foreign trade and economic administrative departments of the border provinces and autonomous regions.

The State Planning Commission and the State Economic and Trade Commission (the Office for Import and Export of Machinery and Electronic Products) shall specially allocate certain quantity of import quotas annually in connection with border trade in small amount based on the situation of the previous years importation and demand and supply in domestic market. Within the set quota, the foreign trader and economic administrative departments of the border provinces and autonomous regions authorized By MOFTEC shall be responsible for issuing import license. The commodities under the quota administration of the state imported by the enterprises in the business of border trade in small amount shall be released by the Customs upon the quota certificates and import license issued by the foreign trade and economic administrative departments of the border provinces and autonomous regions. Proper simplified procedures shall also be introduced for the commodities under special and registration administration imported by the enterprises engaged in border trade in small amount. Detailed rules shall be promulgated by the State Planning Commission (the Office for Import and Export of Machinery and Electrical Products) in consultation with concerned departments.

4. Issues on administration of import and export commodities under economic and technical cooperation between the border areas and their neighboring countries.

Commodities imported by the enterprises in the border areas with operation rights in foreign economic and technical cooperation approved by MOFTEC (hereinafter referred to as foreign economic cooperation enterprises in the border area) under economic cooperation with the neighboring countries shall be subject to import taxation policies for border trade in small amount. Commodities and materials for compensation under contracted projects and labor service cooperation shall be allowed along with the project and shall not be restricted by the business scope. Equipment and materials exported under labor service cooperation and contracted projects between foreign economic cooperation enterprises and the neighboring counties and the daily necessities within reasonable quantities of the labor service personnel shall not be restricted by export quota and business scope and free from obtaining export license.

The customs shall release the commodities to be imported or exported under economic and technical cooperation between the foreign economic cooperation enterprises in the border areas and the issued by the foreign economic and trade departments in charge. Detailed administrative rules shall be jointly promulgated by the MOFTEC and the Customs General Administration.

5.* Issues on strengthening administration of border trade

The people's governments of the border provinces and autonomous regions in com-

pliance with the unified regulations set by the State Council and the concerned departments shall formulate detailed implementation rules and designate relevant departments in charge of border trade to virtually strengthen the guidance and administration of border trade and economic cooperation in their own respective provinces and autonomous regions with a view to promoting healthy development of border trade.

All the concerned departments under the State Council shall formulate at the earliest time their administrative rules in concerned fields in accordance with this circular in order to actively support the development of border trade and foreign economic cooperation in the border areas. MOFTEC ,together with concerned departments shall timely study and formulate nationwide policies and macro management measures for border trade and economic cooperation. While improving service, the Customs shall strengthen supervision and administration and crack down smuggling activities in order to ensure the implementation of the border trade policies. 21

This circular shall become effective April 1,1996.all the regulations set in the past which are not in conformity with this circular shall be subject to this circular. 22

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