

China - Detailed Rules for the Implementation of the Methods on Export Quota Bidding with Compensation, 1996

MOFTEC

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Detailed Rules for the Implementation of the Methods on Export Quota Bidding with Compensation (Promulgated by Ministry of Foreign Trade and Economic Cooperation on April 29, 1996)

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1 **Detailed Rules for the Implementation of the Methods on** 9
Export Quota Bidding with Compensation
(Promulgated by Ministry of Foreign Trade and
Economic Cooperation on April 29, 1996)

2 **Chapter 1 - General Provisions**

3 **Article 1**

4 The detailed rules have been formulated pursuant to the Methods
on Export Quota Bidding with Compensation(hereinafter referred
to as “the Bidding Methods”).

5 **Article 2**

6 The scope of commodities under the compensated quota bidding
scheme shall be: export commodities subject to State planned
and voluntary quota administration. The detailed catalogue of
commodities subject to compensated quota bidding shall be de-
termined and published within the above-mentioned scope by the
Ministry of Foreign Trade and Economic Cooperation(hereinafter
referred to as MOFTEC).

7 **Article 3**

8 The bidding scope for the varieties of commodities under export
quota bidding with compensation, including the export to the world
markets and under all modes of trade, shall be regulated pur-
suant to these rules except for those stipulated otherwise by the
state.

Article 4

The Bidding Committee for Quotas of Export Commodities (here- 10
inafter referred to as “the Bidding Committee”) shall undertake the
responsibilities of handling the bidding work for export quota with
compensation.

Article 5 11

The departments(commissions, bureaus)of foreign trade and eco- 12
nomic cooperation in all the provinces, autonomous regions, mu-
nicipalities directly under the Central Government and cities with
independent planning power(hereinafter referred to as “the local
departments in charge of foreign trade and economic coopera-
tion”)shall undertake the responsibilities of propagandizing and or-
ganizing the bidding in their localities.

Chapter 2 - Organization Structure and Rules 13

Article 6 14

Relevant departments of MOFTEC and chambers of commerce 15
for imports and exports shall jointly establish the Bidding Commit-
tee which shall be responsible for the administration of compen-
sated quota bidding pursuant to the Bidding Methods and these
rules.

The Bidding Committee shall be accountable to MOFTEC. 16

The Bidding committee shall set up quota bidding office(hereinafter 17
referred to as “the Bidding Office”)in relevant chambers of com-
merce for imports and exports. The routine affairs of compensated
quota bidding shall be handled by the Bidding Office which shall be
accountable to the Bidding Committee.

18 **Article 7**

19 The Bidding Committee shall consist of one chairman, several vice-
chairmen and a number of committee members. The chairmanship
shall be held by person in charge of the Administration of Foreign
Trade of MOFTEC, Vice-chairmen and committee members shall
be held by persons from relevant departments of MOFTEC and
chambers of commerce for imports and exports. In the absence of
the chairman, another person in charge of the same Administration
shall act on his behalf.

20 The Bidding Office shall consist of a director, one or two deputy
directors and a number of staff. The staff of the Bidding Office
shall be mainly composed of the staff of relevant departments in
charge under MOFTEC and the staff of chambers of commerce for
importers and exporters.

21 **Article 8**

22 The Bidding Committee shall uphold the principle of democratic
centralism. All decisions, notices and bulletins of the Bidding Com-
mittee shall be discussed and adopted by the Bidding Committee
and approved by the Chairman of the Bidding Committee or the
Acting Chairman in his absence.

23 **Article 9**

24 The responsibilities of the Bidding committee are as follows:

- 25 1.To study and formulate or to examine and decide the work plans
for bidding for quotas of specific commodities;
- 26 2.To review and verify the reports of the Bidding Office on the re-
examination of the qualification of the bidding enterprises;

- 27 3.To undertake the work of opening the bidding;
- 28 4.To examine and finalize and methods of specific operations
worked out by the Bidding Office according to relevant regulations
and the results of the operations;
- 29 5.To examine, finalize and publish various notices, bulletins and
decisions concerning quota bidding;
- 30 6.To review and verify the bidding results and quota transfer and
assignment of quota and report to MOFTEC;
- 31 7.To study and solve other problems in the work of quota bid-
ding.

Article 10

32 The responsibilities of the Bidding Office are as follows:

- 33 1.To draft work plans for bidding for quotas of specific commodities
and report the information to the Bidding Committee for implemen-
tation after examination and verification;
- 34 2.To re-examine the qualification of the bidding enterprises and re-
port the information to the Bidding Committee;
- 35 3.To draft bulletins of bidding for quotas of specific commodities
and submit them to the Bidding Committee for examination and
publication;
- 36 4.To print in the uniform format and distribute “Application for Bid-
ding”(hereinafter referred to as the Bidding Document),“Winning
Notice”(appeared as “Appendix 1”) “Certificate of Transfer and
Assignment o Bid Winning Quotas for Export Commodities with
Compensation”(appeared as “Appendix 2”) and “Certificate of
Application for the Export License of Commodities Subject to
Compensated Quota Bidding”(appeared as “Appendix 3”),“Cer-
tificate of Winning Price Payment for Compensated Quota

Bidding”(appeared as “Appendix 4”),“Form of Quota Transfer and Assignment”(appeared as “Appendix 5”),and “Notice on Quota Transfer and Assignment”(appeared as “Appendix 6”),etc.;

Article 11

All members of the Bidding Committee and the Bidding Office shall defend the overall interests of the state and shall restrain from actions of seeking personal benefits or interests for their own groups. Any person violating this principle shall be removed from the Bidding Committee (the Bidding Office)and such violation shall be reported to MOFTEC and be dealt with according to the seriousness of the violation.

Chapter 3 - The Modes of Bidding and Bidding Qualification

Article 12

The modes of compensated quota bidding are as follows:

1.Public bidding

Commodities exported in large volumes and by a great number of enterprises, which would easily lead to the practice of vying with each other for purchasing at bid-up prices while competing with each other for selling at reduced prices, shall be subject to public bidding.

2.Bidding upon invitation

Bidding upon invitation shall be applied to the commodities whose trading companies are relatively concentrated and special requirement is stipulated for the management.

3.Oriented bidding

Oriented bidding shall be applied to the commodities whose trading companies and production areas are relatively concentrated. Such bidding may be undertaken among companies of major production and major trading areas but the methods of public bidding and oriented bidding shall be jointly adopted.

4.Negotiated bidding

Negotiated bidding shall be applied to the commodities whose management is relatively concentrated in certain trading companies, for which there is severe competition on the international market and of which China's export competitiveness is relatively weak. Such bidding may be undertaken among trading enterprises and those in major production areas but the methods of public bidding and negotiated bidding shall be jointly adopted.

Article 13

As for one single bidding for one single kind of commodity, the method of oriented bidding and negotiated bidding shall not be applied concurrently. The quota quantity under oriented bidding or negotiated bidding shall be no more than 40% of the annual total bidding quantity and the ratio of quota quantity for specific commodities shall be determined by the Bidding Commodities shall be determined by the Bidding Committee.

Article 14

Bidding Qualification

1.Public bidding

(1)Enterprises which conform to the stipulations in Article II of the Bidding Methods;

(2)Export commodity manufacturing enterprises which have no ex-

port performance but whose line of production is mainly concentrated on a certain bidding commodity, the foreign-funded enterprises which have joined the Foreign-Funded Enterprises Association, and enterprises which have been checked and accredited by MOFTEC with the right to do border trade of small quantity may participate in the bidding, but the bidding commodities shall be those manufactured by the said enterprises or in the said border areas;

58 (3) Besides enterprises stipulated in the above-mentioned paragraph (2), enterprises which have no export performance are not allowed to participate in the bidding unless they have been acquired the right to export and registered in the industrial and commercial administrative departments 2 years in advance;

59 (4) Enterprises with no record of breaching laws and regulations.

60 2. Bidding upon invitation

61 (1) Enterprises which satisfy the criteria provided for in Clause 1 of the present article;

62 (2) Enterprises which have joined the sub-chambers of a certain bidding commodity of the chambers of commerce for importers and exporters;

63 (3) Enterprises with export performance of the said commodity in any of the preceding 3 years.

64 3. Oriented bidding

65 (1) Enterprises which satisfy the criteria provided for in Clause 1 of the present article;

66 (2) Enterprises which are the major trading companies or major producers of a certain commodity;

67 (3) Enterprises which have the export performance of a certain com-

modity for three consecutive years.

4. Negotiated bidding 68

(1) Enterprises which satisfy the criteria provided for in Clause 1 of the present article; 69

(2) Enterprises which are the major trading companies or the major trading companies in the major producing areas of a certain commodity; 70

(3) Enterprises which have the export performance of a certain commodity for three consecutive years; 71

(4) Enterprises which used more than 70% of the awarded quotas in the previous year. Enterprises which used less than 70% of such quotas in the previous year shall be disqualified for their participation in negotiated bidding for one year; 72

(5) The winning enterprises participating in other forms of bidding, whose export performance reached 70% or more of the lowest export performance among the major trading enterprises, and which have used 90% or more of the awarded quotas for two consecutive years, may participate in the negotiated bidding. 73

II. As for those commodities under foreign anti-dumping investigation or allegation, export volume reaching 50%-70% of the country's total production or export volume shall be considered the major producing areas. The ratio for specific commodity shall be determined by the Bidding Committee. 74

2. Determination of major trading companies 75

Exporting enterprises shall be arranged in order based on the export volume or value in the past 3 years. The top enterprises with the aggregated export volume or value reaching 50%-70% of the country's total shall be considered the major trading companies. The minimum export of any of the major trading companies shall be no less than 3-5% of the total export of such commodities in the 76

whole country. The ratio of specific commodity shall be determined by the Bidding Committee.

77 3.Determination of the major trading companies of the major producing areas

78 The departments in charge of foreign trade and economic cooperation in the major producing areas deemed by MOFTEC shall arrange the order of the exporting enterprises in their own localities on the basis of the export volume or value of the preceding 3 years. The top exporting enterprises with the aggregated export volume reaching 50%-70% of the total export of the said region shall be considered the major trading companies of the major producing areas. The ratio for specific commodity shall be determined by the Bidding Committee after confirming with the departments in charge of foreign trade and economic cooperation in the major producing areas.

79 **Article 16**

80 Bidding prices and bidding quantity

81 1.The enterprises participating the bidding shall, in light of exporting situation of specific commodities, decide the bid offers independently.

82 2.In order to prevent monopoly of quotas or disperse distribution of quotas among the winning enterprises, the Bidding Committee may set, in light of the actual situations, the maximum and minimum amount of tenders offered by the participating enterprises.

83 The Bidding Committee shall decide on the maximum amount of tenders offered by the enterprises in proportion to their total export in the proceeding 3 years. The minimum amount of tenders may be set according to the average level of the minimum export scale efficiency of the major trading enterprises.

3.Foreign-funded enterprises shall offer their bid amount according to their approved export scale or the amount determined by the Bidding Committee. 84

4.The exports of the bidding enterprises shall be calculated according to the statistics of the Customs General Administration. If it is necessary, the Bidding Office will take for reference other statistics accepted by the Bidding Committee. 85

Article 17 86

The specific amount for each bidding shall be decided by the Bidding Committee on a commodity-specific basis and within the total annual amount of quotas for bidding. 87

Chapter 4 - Operational Procedures and Rule 88

Article 18 89

The working procedures of quota bidding with compensation are as follows: 90

1.To publish the catalogue of commodities subject to compensated quota bidding and announcement for bidding; 91

2.To examine the qualification of the bidding enterprises in accordance with the stipulations provided for in Article II and Article 12 of these Detailed Rules; 92

3.To issue and then collect the bidding documents; 93

4.To examine and verify the bidding documents(tender evaluation); 94

5.To declare the tender and calculate the bidding awards in accordance with the stipulations of the Bidding Methods and these Detailed Rules; 95

- 96 6.To report the list of bid offers and the bidding awards to MOFTEC;
- 97 7.To publish the list of the winning enterprises and issue the Notice of Bid Winning;
- 98 8.To issue “Certificate of Winning Price Payment for Compensated Quota Bidding” and collect the tender deposits;
- 99 9.To collect winning prices for bid and to issue the Certificate of Application for the Export license of Commodities Subject to Compensated Quota Bidding;
- 100 10.To examine and verify the use of quotas and licenses by the winning enterprises.

101 **Article 19**

102 Examination of bidding qualification

- 103 1.The local departments in charge of foreign trade and economic cooperation shall be responsible for the preliminary examination of the bidding qualification of the exporting enterprises of the region and shall submit the preliminary examination materials to relevant Bidding offices 5 working days before the final date of the tender. The time limit for the oriented bidding and negotiated bidding shall be decided by the Bidding committee. Qualified enterprises shall, within the designated time limit, submit relevant materials to the departments in charge of foreign trade and economic cooperation and relevant chambers of commerce for importers and exporters. The local departments in charge of foreign trade and economic cooperation shall ,within the designated time limit, submit the “Form of Preliminary Qualification Examination of Enterprises Bidding for Quotas of Export Commodities with Compensation”(appeared as “Appendix 7”) to relevant Bidding Committees.
- 104 Relevant chambers of commerce for importers and exporters shall

be responsible for the preliminary examination of the bidding qualification of various national foreign trade corporations and national industrial and trade companies(including their branches and subsidiaries at various localities).

2.The Bidding Offices shall not re-examine the enterprises who do not pass the preliminary qualification. The Bidding Offices shall inform the local departments in charge of foreign trade and economic cooperation of the results of the re-examination.

3.The Bidding Offices shall,20 working days prior to the bidding, complete the work of re-examining the qualification of the enterprises who intend to participate in the oriented and negotiated bidding and submit the examination results to the Bidding Committee for verification. The enterprises which have not been verified by the Bidding Committee shall not be allowed to participate in oriented and negotiated bidding.

The Bidding Committee shall determine and announce the list of enterprises allowed to participate in the bidding upon invitation, oriented bidding and negotiated bidding prior to the bidding.

108 **Article 20**

109 The Bidding Office shall distribute bidding documents to various local departments in charge of foreign trade and economic cooperation on a uniform basis. Various local departments in charge of foreign trade and economic cooperation shall, in accordance with the preliminary examination of the bidding qualification for enterprises in their own regions, issue bidding documents to the enterprises which have passed the preliminary qualification examination.

110 Enterprises to the bidding shall apply for the bidding documents to the local departments in charge of foreign trade and economic cooperation and fill in the bidding documents according to the requirements set forth by the Bidding Offices. All the national foreign

	trade corporations, and industrial and trade corporations may approach directly to the Bidding Offices for bidding documents.	=-----X(1+x/y%)	122
111	The bidding documents shall be posted in sealed form or hand-delivered by person to the Bidding Office prior to the expiration date by the bidding enterprises within the designated time limit.	price Total bidding quantity of all	123
112	Article 21	X and Y are variants, which shall be determined by the Bidding Committee based on the situation of the international market, domestic supply and average cost of export and shall be published before the bidding.	124
113	The Bidding Office, upon receiving the filled bidding documents, shall immediately register the documents according to the re-qualification and keep them in sealed form. The bidding documents shall be opened on the opening date of tenders. The Bidding Office shall complete the evaluation of tenders within 10 working days starting from the opening date of tender.	The bidding prices within the frame of the valid prices shall be considered as valid bidding prices.	125
114	Article 22	2)Average prices shall be calculated among all the valid bidding prices according to the following formula:	126
115	Rules for tender evaluation	Total bidding Value of all bidding	127
116	1.Qualified bidding documents shall be decided upon and ascertained as valid bidding documents in accordance with the stipulations provided for in Article 11 and Article 12 of the Bidding Methods and Article 14,Article 15 and Article 16 of the present Detailed Rules.	enterprises (bidding prices	128
117	2.The pricing of bid-winning quotas under public bidding, bidding upon invitation and oriented bidding.	Average for quotas X bidding amount)	129
118	1)Valid bidding prices shall be decided according to the following formula:	=-----	130
119	Total bidding Value of all the bidding enterprises(Bidding prices	price Total bidding quantity of all	131
120	Valid for quotas X bidding amount)	bidding enterprises	132
121		3)All the bidding enterprise shall be arranged in order from the small number to the big one of the absolute value margin between their bidding prices and the average prices and the total bidding amount shall be accumulated. When the total bidding amount equals to the total tender amount, the enterprises whose bidding amount is included in the total bidding amount shall be the bid-winning enterprises.	133
		The bid-winning prices shall be the bid offer prices of the bid-winning enterprises.	134
		With regard to the determination of the bid-winning enterprises, the bidding enterprises with different bidding prices but with same absolute value margin to the average prices, the enterprises with	135

higher bidding prices shall be given the priority to win the bid. In case their bidding prices are the same, the enterprises with bigger bid offer quantity shall win the bid. In case their bid offer quantities are the same, the enterprises with better export performances are the same, the enterprises which acquired the right to export earlier shall win the bid. If they acquired export right at the same date, both of them shall win the bid.

136 3.The determination of bidding quantity

137 The bid-winning quantity of the bid-winning enterprises shall be their bid offer quantity. The bid-winning quantity shall not exceed the bid offer quantity.

138 When determining the bid-winning enterprises, a minimum bid offer(wining)quantity may be set. If the bid offer quantity of the bidding enterprises is less than the minimum bid offer(winning) quantity, they shall be considered to lose the bid. the minimum bid offer(winning)quantity shall be determined and announced by the Bidding Committee prior to the bidding.

139 The maximum bid offer quantity for public bidding of the enterprises who had participated in negotiated bidding shall be deducted according to the proportion of the quantity for negotiated bidding in the total bidding quantity in the current year.

140 4.The bid-winning prices and quantity for negotiated bidding

141 The bid-winning prices shall be the bid offer prices of the bid-winning enterprises.

142 The Bidding Committee shall, in reference to the average prices of the bid-winning enterprises for the same public bidding in the present year, determine the tender base prices for negotiated bidding. The enterprises whose bid offer prices are higher than the base prices shall be considered to win the bid.

143 The bid-winning quantity shall be calculated according to the following formula:

lowing formula:

Bid-winning quantity = 144

Total bidding value of the 145

bidding enterprise(Bidding prices for 146

Total bidding quotas X bidding quantity) 147

quantity * ----- 148

Total bidding Value of all bid- 149

winning enterprises(Bidding prices 150

for quotas X bidding quantity) 151

152 5.The bid-winning quantity of Foreign-funded enterprises shall not exceed the export scale approved by MOFTEC. If their bid-winning quantity is less than their export scale, the bid-winning quotas will be added to meet the approved export scale. In case their bid offer quantity is less than the approved export scale, the quotas will be added to meet their bid offer quantity. The prices of the added quotas will be calculated according to the average prices of the bid-winning enterprise.

Article 23 153

154 A transitional period of 3 years will be allowed for the bid-failing foreign-funded enterprises approved and established before the present bidding method for export quotas was firstly adopted.

155 1.With regard to the commodities to which bidding is applied once a year, starting from the first year of the bidding, quotas for the commodities shall be allocated to them in a proportion of 80% of their approved export scale approved by MOFTEC for the first year. In the second year of the bidding, quotas for 60% of their approved export scale shall be allocated to them. In the third year, quotas for

40% of their approved export scale shall be allocated to them. In the fourth year, no quotas shall be allocated to them.

156 2. With regard to the commodities to which bidding is applied twice a year, the allocated quotas mentioned above shall be arranged respectively according to the proportion of the bid quota amount each time in the total bid quota amount in the whole year.

157 3. The prices of the allocated quotas shall be calculated according to the average prices of the bid-winning enterprise.

158 4. With regard to the newly-approved enterprise trading the bidding commodities after the bidding method with compensation was adopted, the stipulations in Clause 5 of Article 22 and the present Article shall not be applied.

159 **Article 24**

160 The winning enterprises shall pay the bid deposits and winning prices for the quotas won according to the following regulations:

161 1. After the Bidding Committee publishes the list of the bid-winning enterprises, the bidding Offices shall, within 5 working days, send "the Notice of Bid-winning" and the "Compensated Quota Bidding". The winning enterprises shall pay bid deposits in cheque, draft or remittance into the bank accounts designated by the Bidding Committee within 40 working days after the Notice of Bid-Winning is published and produce the filled "Certificate of Winning Price Payment for Compensated Quota Bidding". The bid deposits shall be 10% of the tender prices paid by the enterprises for the quotas won (i.e. Bidding prices for quotas X the quantity of quotas won X 10%).

162 Those winning enterprises which fail to pay the bid deposits within the prescribed time limit shall be considered as having given up

the bidding. Within 10 working days after the prescribed time limit for paying the bid deposits, the Bidding Offices shall send the list of the enterprises giving up the bid to the Bidding Committee of record.

2. Before obtaining export licenses each time, the winning enterprises shall pay, based on the amount of quotas in the export licenses, corresponding amount of winning prices for bid (amount of quotas in the export licenses X bidding prices for quotas*90%) into the bank accounts designated by the Bidding Committee and produce the filled "Certificate of Winning Price Payment for Compensated Quota Bidding". 163

The Bidding Office shall immediately issue the Certificate of Application for the Export License of Commodities Subject to Compensated Quota Bidding upon receipt of the winning prices paid by the enterprises. 164

165 **Article 25**

Other specific operational procedures in the process of quota bidding shall be studied and determined by the Bidding Committee. In case that any behavior or action in the bid is found and verified to constitute a fraud or violate the "Bidding Methods" or the present "Detailed Rules", MOFTEC has the right to veto the results of the said bidding. 166

167 **Chapter 5 - The Transfer and Assignment of Quotas**

168 **Article 26**

In case the bid-winning enterprises fail to use up the bid-winning quotas, they may apply to the Bidding Offices for transfer of quotas 30 working days before the expiry date of the export quotas. 169

170 Regulations of transferring and assigning the quotas are as follows:

171 1.The transfer and assignment of quotas shall be handled according to the uniform procedures stipulated by the Bidding Offices and under-the-counter trade is strictly prohibited.

172 2.The enterprises applying for assignment of quotas shall be qualified bidding enterprises.

173 3.Enterprises may offer prices for the quotas assigned equal with or higher than the bid offers of the winning enterprises which intend to transfer the quotas. However, the Bidding Offices shall not handle the assignment application whose offer is lower than the winning prices.

174 4.After the enterprises make their application for quota transfer and assignment, the Bidding Office shall list the enterprises to which quotas are assigned in the order of bidding offers and in time sequence of registering the transfer and assignment. Priority shall be given to those applications with high assigned prices. In case the assigned prices are the same, priority shall be given to those enterprises which registered the transfer the transfer and assignment at an earlier date.

175 The Bidding office shall, based on the above-mentioned principles, handle the formalities of quota transfer and assignment, formulate“ the Form of Transferring and Assigning the Quotas” in due course and send the form to the Bidding Committee for approval.

176 5.The Bidding Office shall, based on the approved “Form of Transferring and Assigning the Quotas”, issue timely“ the Notice on Transfer and Assignment of Quotas”, informing the enterprises to make the payment of the deposits for the assigned quotas(assigned quota prices X quota quantity X 10%).The deposits for the transferred quotas of the transferring enterprises will be returned by the Bidding Committee. After the assigned

enterprises complete the procedures of making relevant payment, the Bidding Office shall issue“ the Certificate of Transfer and Assignment of Bid-Winning Quotas for Export Commodities with Compensation”.

6.After issuing“ the Certificate of Transfer and Assignment for the Bid-winning Quotas for the Export Commodities with Compensation”, the Bidding Office shall deduct the transferred quota quantity from the bid-Winning quantity of the transferring enterprises.

Article 27

Before the assigned enterprises apply for export license, they shall pay the quota assignment deposits(i.e. assigned quota price X assigned quota quantity X 90%)and the Bidding Office shall issue“ the Certificate of Application for the Export License of Commodities Subject to Compensated Quota Bidding”.

Article 28

The bid-winning quota is valid in the current year. In case the bid-winning enterprises cannot use up or transfer the bid-winning quotas, the unused quotas shall be sent back to the Bidding Office 30 working days before the quotas expire. No bid deposits shall be returned.

Article 29

Upon approval by the Bidding committee, the following quotas may be transferred:

- 1.The remaining quotas after the quota bidding;
- 2.The bidding quotas given up by enterprises;

186 3.The quotas turned back by enterprises.
 187 The assignment of the above-mentioned quotas shall be handled
 in the order of bidding offers at higher price and in time sequence
 of registering the transfer and assignment. The assigned quota
 prices shall not be lower than the average prices of the bid-winning
 enterprises in the public bidding for the said commodities.
 188 In case that the above-mentioned quotas cannot be transferred,
 they shall be carried over to the total amount of quotas in the next
 round of bidding.

189 **Article 30**

190 In principle, the bid-winning quotas of the enterprises to negotiated
 bidding or the bidding quotas of foreign-funded enterprises as stip-
 ulated in Clauses 1,2 and 3 of Article 23 shall not be transferred.
 Under special circumstances where transfer is necessary, the enter-
 prises shall not be allowed to participate in negotiated bidding in
 the next round of bidding or they shall be disqualified in terms of
 stipulations in Clauses 1,2,and 3 of Article 23.

191 **Chapter 6 - Export License**

192 **Article 31**

193 The list of bid-winning enterprises and their bid-winning quantity,
 after being checked by the Bidding Committee, shall be sent to
 MOFTEC for verification and copied to the relevant export license-
 issuing departments.

194 **Article 32**

195 Basis for the verification and issuance of export license

- 196 1.The list of bid-winning enterprises and the bid-winning quantity
 sent by MOFTEC;
- 197 2.The “Certificate of Application for the Export License of Com-
 modities Subject to Compensated Quota Bidding” and the “Cer-
 tificate of Transfer and Assignment for the Bid-Winning Quotas for
 Export Commodities with Compensation”;
- 198 3.Contract price of export(not lower than the coordinated prices set
 forth by chambers of commerce for importers and exporters);
- 199 4.Other regulations promulgated by MOFTEC.

200 **Article 33**

201 The quotas under bidding with compensation, after the correspond-
 ing export licenses have been obtained, shall not be turned back
 to the Bidding Offices.

202 The enterprises, after having applied for customs clearance with
 the export licenses, shall send the copy of the export license(the
 copy retained by the enterprises) and export invoices (the copy) to
 the Bidding Offices within 30 working days. The Bidding Offices
 shall regularly make and check the statistics and report the export
 and the use of quotas to the Bidding committee.

203 **Chapter 7 - Penalty Provisions**

204 **Article 34**

205 Any enterprise shall be entitled and duty-bound to inform against
 and accuse the behavior or action of fraud bidding in the process
 of quota bidding. Upon verification, the Bidding Committee may
 request MOFTEC to award the enterprise informing against and
 accusing such fraud and punish the accused enterprises.

206 The Bidding Committee shall be entitled to revoke the quotas won
in the bidding and rescind the qualification for quota bidding and
assignment for 1 to 3 years of the enterprises which:

207 1.Fail to pay bid deposits or winning prices within designated time
limit;

208 2.Waste quantity of quotas for more than 20% of the bid-winning
quotas the quantity of quotas wasted means quantity not used up,
transferred or returned to the Bidding Office;

209 3.Have transferred quotas at their own wish without the consent of
the Bidding Office;

210 4.Have falsified qualification for bidding;

211 5.Have colluded with others in bidding;

212 6.Have exported at prices lower than the coordinated prices set
forth by chambers of commerce for importers and exporters;

213 7.Have disrupted the process of quota bidding with other unfair
means.

214 **Chapter 8 - Supplementary Provisions**

215 **Article 35**

216 The Bidding Committee shall open special accounts with desig-
nated banks to collect bid deposits, winning prices and commis-
sions for quota transfer. Specific cooperation can be entrusted to
relevant chambers of commerce for importers and exporters.

217 The Bidding Offices shall, within 20 working days after the final
date of collecting the bidding deposits, report the collection of bid-
ding deposits, report the collection of bidding deposits to the Bid-
ding committee and MOFTEC and regularly report the collection

of cost, i.e. the winning prices to the Bidding Committee and
MOFTEC.

Article 36

218

Notices and announcements concerning quota bidding shall be
published by International Business and other press media.

219

Article 37

220

Unless otherwise stipulated by the State Council, without permis-
sion of MOFTEC or the Bidding Committee, no units, organizations
or individuals are allowed to announce and publish notice or an-
nouncement concerning quota bidding.

221

Article 38

222

The present Detailed Rules and Bidding Methods are equally au-
thentic. In case of any divergence between the present Detailed
Rules and former regulations, the present Detailed Rules shall pre-
vail.

223

Article 39

224

MOFTEC shall be responsible for the interpretation of present de-
tailed Rules.

225

Article 40

226

The present Detailed Rules shall enter into force upon promulga-
tion. The former “Detailed Rules for the Implementation of Methods

227

on Export Quota Bidding with Compensation” shall be annulled at the same time.

228 **Appendix**

229 I. Winning Notice(omitted)

230 II. Certificate of Transfer and Assignment of Bid Winning Quotas
for Export Commodities with Compensation(omitted)

231 III. Certificate of Application for the Export License of Commodities
Subject to Compensated Quota Bidding(omitted)

232 IV. Certificate of Winning Price Payment for Compensated Quota
Bidding(omitted)

233 V. Form of Quota Transfer and Assignment(omitted)

234 VI. Notice on Quota Transfer and Assignment(omitted)

235 VII. Form of Preliminary Qualification Examination of Enterprises
Bidding for Quotas of Export Commodities with Compensation(omitted)

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