The Chinese market is becoming more and more open for imported foreign goods. The trend is of course encouraging for European exporters, however import to China still remains regulated and requires familiarity with procedures, certifications and regulations, which are numerous, in addition to patience and a lot of administrative efforts.

This guideline will serve as an introduction to what you can expect when you decide to export your goods from EU countries to China. It is not possible to cover all procedures, which vary depending on the goods imported, within one guideline. Therefore, we focus on general regulations and procedures first and describe some specific cases later.

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In order to better prepare yourself for the process of importing your goods to China, you should answer several obvious questions first:

- Are my goods allowed to be imported to China? Do I need any special permit or licence?
- What standards does my product have to comply with? Are European standards sufficient?
- Who is allowed to import the goods to China?
- What procedures can I expect from customs?
- Others – e.g., what are the procedures for the temporary import of goods?

The Chinese government, as does any other government, exercises control over the import of goods to its internal market. One of the ways of import regulation is classification of goods into several categories according to the Foreign Trade Law. There are the following basic categories:

1. Goods prohibited from import are listed in the *Catalogues of Goods Prohibited from Export and Import* numbered (I), (II), (III), (IV), (V), and (VI), and Article 17 of Foreign Trade Law;
2. Restricted goods under **quota restriction**;
3. Restricted goods under **tariff quota**. Imported goods within the limits of the quota enjoy lower import tariffs;
4. Restricted goods under **licensing restriction**. Only licensed importers are allowed to bring these goods into the Chinese market;
5. Goods subject to **state-owned trade administration** (usually imported by authorised enterprises).

Catalogues for each category of goods are available. In addition to the above goods categories, there are other requirements on goods in terms of standards and certification, packaging, labelling, or the means of transportation.

Once you know that your product/goods can be imported into China and under what conditions, you have to check what standards your goods have to comply with. There are various levels of standards: Besides differences in national and local standards, there are also standards specific to profession and industry, e.g., foodstuffs, mechanical and electronic products, drugs and cosmetics industries, etc.

Many of the products have to obtain the **CCC Mark – China Compulsory Certificate**, which is a safety certificate. Once again, a catalogue containing lists of products required to carry this safety certificate.
certification is available. Examples are cord sets, earth leakage protective devices, electric clippers, modems, facsimile printers, etc. Besides the CCC, there are other compulsory market access schemes that you may have to follow depending on your product, e.g., the Network Access Licence (NAL), the RRC licence required for equipment emitting radio waves and so on.

In some cases, products may require registration by specific authorities. In the case of medical devices, cosmetics, or health food, approval by the State Food and Drug Administration (SFDA) must be gained prior to the import into China.

For some products there are specific labelling requirements. This is the case for food, cosmetics, textiles, energy efficient electrical appliances, and more. Special standards for packaging are also in place, dealing for example with imported goods in wooden cases, which have to be labelled with a special label certifying compliance with the International Plant Protection Convention (IPPC).

For information on Standards and Certificates please consult our websites or contact our expert on standards.

### III. Authorised importers

When you know that your goods are allowed to enter the Chinese market and eligible for the necessary certificates, the next question will be HOW you will actually import them to China.

There are two basic options: You either import them yourself (with your own company), or you use a qualified Chinese importer (below, we will use the term “importer” to cover both options).

You have to be a foreign trade operator to be able to import the goods yourself. To become a foreign trade operator, a foreign company needs to establish a Foreign Invested Enterprise (FIE) in China first (please see our Guideline on Establishment of a Foreign Invested Enterprise in China). The FIE has to be registered at the Industry and Commerce Bureau and filed at the Department of Foreign Trade under the Ministry of Commerce to be able to operate an import and export business within the approved business scope.

For the import of goods for free import, the foreign trade operator does not need any special licence, unless the goods are subject to an automatic import licence whose purpose is for import monitoring only eg. certain types of machinery or electrical products (there is a catalogue of goods under automatic licence which is amended every year). For restricted goods under licensing restriction on the other hand, the foreign trade operator will need to obtain an import licence before importing said goods to China. The same applies for quota application.
When you choose the second option, you will have to conclude a contract with certified importer. It is highly recommended you do sufficient research on Chinese importers that you may cooperate with and conduct preliminary due diligence on its permits, legal, financial and operational status once you have narrowed down your choices.

The importer is usually responsible for the customs registration. For goods under quota restriction, the importer is responsible for obtaining the corresponding import quota as well. If it is specified in the contract between the importer and the foreign company, the importer may also be responsible for the tariffs.

When you decide to conclude a contract with an importer, make sure that your contract includes standard provisions as well as provisions for your specific case. To avoid unnecessary surprises later on, it is strongly advised to let a qualified lawyer draft your contract. In the following, we summarise only the basic provisions, which should always be included in contracts with importers.

The content of the contract can be divided into the following three parts:

Part I - Preface: name of the contract, contract number, time and place of signing, name and address of the parties.

Part II - Text (basic clauses): identification of the goods, quality and specification, quantity and packaging, price of the goods, inspection and transportation, delivery and payment terms.

Part III - End: validity of the contract, language of the contract, applicable law, settlement of disputes, signature of the parties.

In reality, the sales purchase contract is the most important agreement between a foreign company and a Chinese importer. Some foreign companies only have a oversimplified purchase order with the importer without any substantial terms and legal provisions, which often leads to difficulties in effective legal protection in case of any dispute.

The usual payment conditions include Letter of Credit (L/C), Telegraphic Transfer (T/T), Demand Draft (D/D), Documents against Payment (D/P), and payment on delivery. INCOTERMS are used in China.

The Ministry of Commerce provides a list of importers on its website. Reputable trade fairs in your industry are another good place to find a qualified importer. Before signing any agreement, it is necessary to exercise due diligence with regard to the targeted Chinese importer with the help of local lawyers. This will help you understand whether their company is legally established and how it currently operates. To be able to import goods that require an import licence, the importer has to apply for these licences at different governmental authorities, depending on the product. Two examples: to
import carbonated beverages, the importer shall apply with the Ministry of Commerce for an import certificate; for mechanical and electrical products, the importer shall apply with the Office of the Import of Mechanical and Electrical Products for an import quota certificate. The importer’s experience and good working relationship with various government agencies is crucial for a successful completion of the whole process.

### IV. Customs

During the customs clearance procedure, the importer will have to complete below formalities:

- Customs registration;
- Commodity inspection (inclusive of animal and plant inspection and quarantine);
- Customs declaration;
- Documents submission;
- Examination;
- Payment of taxes and other fees;
- Release;
- Foreign exchange control.

The above Chinese import procedures can be illustrated by the following four cases:

1. **Sugar**
   A Spanish company (Company A) is going to export sugar to China. Company A and a state-owned enterprise in China (Company X) have entered into a sugar purchase contract, which provides that Company A will export 30,000 tons of sugar to China.

2. **Wine**
   A Hungarian company (Company D) is going to export wine to China. Company D has already concluded a sales contract of sparkling wine with a Chinese private enterprise (Company W), and Company D will export 2,000 litres of sparkling wine to Shenzhen, China.

3. **Electric torches**
   A German company (Company B) plans to export portable electric torches. Company B has concluded a purchase contract with a Chinese private enterprise (Company Y), and Company B will export 100 sets of portable electric torches to China.

4. **Perfume**
   A French company (Company C) intends to export perfume to China. Company C has already entered into a perfume purchase contract with a Chinese private enterprise (Company Z), and
Company C will export 200 kg of perfume to China.

V. Exporting food to China

In cases 1 (sugar) and 2 (wine), food products are exported to China. In the case of sugar, the export procedures are as follows:

1. Quota management/Import licence
2. Customs registration
3. Commodity inspection
4. Customs declaration
5. Documents submission
6. Examination
7. Tax levy and exemption
8. Release
9. Foreign exchange control
a. **Quota management/ Import licence**

Before you decide to export food into China, you should make sure that the food or beverage is eligible for the necessary permits. In case 1, the product in question, sugar, the import is limited by quota restrictions.

As for the specific quota management of the import goods, the importer needs to log onto the website of the Ministry of Commerce of the PRC for enquiry. The Ministry of Commerce will, pursuant to China’s economic situation, release the rules for tariff quota application and distribution regarding the goods which are restricted for import. These rules will specify the allowed total quota of the goods, the requirements the foreign exporters have to meet, and a list of materials required for submission.

In an announcement of the Ministry of Commerce concerning *Rules of Application and Distribution of Sugar Import Tariff Quota (2012)*, the Ministry of Commerce has addressed issues relevant to the sugar import tariff quota in the year 2012. It is important to know if your importer obtained the sugar tariff quota, because this directly determines how much duty foreign enterprises will have to pay. The duty will be lower if your shipment is part of the set quota. When declaring customs, the importer will have to provide a certificate to that effect.

b. **Customs registration**

Food can enter the territory of China only after the importer has declared so to the Chinese customs and was approved. Take Company A exporting sugar to China as an example. Importers can either declare the goods to Chinese customs themselves or authorise a customs declaration enterprise to declare them instead. Customs declaration enterprises are special companies whose business scope includes operating international freight agencies and international transport agencies, handling customs declarations and tax levying under engagement, and managing customs registration procedures subject to relevant regulations.

Before declaring their goods, importers have to be registered with the Chinese customs authorities. Documents required for customs registration are as follows:

1. Business licence;
2. Registration form;
3. Articles of association;
4. Registration form of company applying for customs declaration and registration form of managing staff of company applying for customs declaration;
5. Organisation code certificate;
(6) Tax registration certificate;

(7) Bank account;

(8) Customs declaration special seal;

(9) Other documents required for the registration.

Only when the importer has obtained a registration code (10 digits) can they declare their goods to Chinese customs.

c. Commodity inspection

All food needs to be tested before entering the Chinese market. In addition, packed food has to be labelled in Chinese. It is advised to send samples two to three weeks in advance in order to make sure that your goods comply with relevant standards and are permitted to enter the Chinese market within the period agreed upon in the contract with the importer. Otherwise, your products could be damaged in the customs yard because of inappropriate storage or you might miss the deadline for customs clearance. There are various hygienic regulations you need to comply with as well.

As for the commodity inspection of import goods, importers need to log onto the website of the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) to arrange an online inspection declaration. In order to do this, importers have to register online and download relevant driver programs before declaration. Completing an online registration is necessary for importing sugar, for example.

d. Customs declaration

After the commodity inspection is finished, the importer has to declare the imported goods to customs within 14 days after their arrival in a Chinese port. In the event of failure to declare to customs within the prescribed time limit, China customs will impose a fee for delayed declaration pursuant to Measures of the PRC Customs on the Levying of the Delayed Declaration Fee of Import Goods.

After receiving the electronic or paper declaration form submitted by the importer, customs officials will examine its contents. The electronic declaration form will automatically be returned by the customs office if it does not meet all requirements. If this is the case, the importer will have to revise the declaration form and file the declaration again.

In case the customs officials request additional information or documents during their review, it is advised to provide these as quickly as possible.
e. Documents submission

Once the electronic declaration form passes the customs review, the importer will receive a notice entitled “tendering documents on site” or “tendering documents to discharge”. Within ten days after receiving the notice from customs, the importer has to present the printed, signed and stamped paper declaration form and other prescribed documents at the customs office where the goods are located.

In the event of failure to submit the documents within the prescribed or the approved extended time limit, customs will delete the electronic data and the importer will have to declare the goods again. Additionally, delay fees may apply, which are calculated according to the Measures of the PRC Customs on the Levying of the Delayed Declaration Fee of Import Goods.

Documents to be presented include:

1. Customs declarer certificate;
2. Authorisation letter for declaration (unnecessary for self-declaration);
3. Declaration form;
4. Accompanying documents like invoices, packing lists, purchase contracts and bills of lading/waybills;
5. Supervisory documents such as import licences, customs declaration forms of import inspection and quarantine, import and export permits for endangered species or import permits for psychotropic drugs. The necessity for these kinds of documents depends on what kind of product you want to import.
6. Other documents related to special supervisory requirements and documents required by customs.

f. Examination

If your goods have to be examined, they will have to be transferred to the examining authorities for on-site examination. The importer is responsible for providing staff to assist with the on-site examination (e.g., moving the goods around the customs yard and opening and resealing the packages).

After the examination, a signature by the importer is required to confirm the examination result. Customs will then print and issue the payment certificate of duties for dutiable goods. If goods enjoy duty reduction or exemption, or they are bonded goods, customs will charge a supervisory processing fee.

Customs will also impose delayed declaration fees for goods which have not been declared in a timely fashion and print customs administrative special bills at this point. Payment can only be made at
designated banks (and, in some cases, online). Temporary import goods, as well as certain other types, require the payment of a deposit. Customs will print and issue receipts for this.

g. Tax levying and exemption
Tax levying (and exemption) is one of the key steps in the import process. China imposes import tariffs and import-related value-added tax (VAT) on imported goods in general trade. Consumption tax is also levied on certain goods, such as wine and certain types of cosmetics. If taxes are not paid accordingly, customs will not release the goods. Therefore, paying the relevant taxes is essential.

The specific tax rates for imported goods are defined in the *Customs Tariffs* issued by the General Administration of Customs of the PRC. If the exporting country and China have reciprocally granted each other most favoured nation status (MFN), or the exporting country has signed a tariff agreement with China, the MFN or conventional tariff rate shall apply.

If the imported goods fall under the quota restrictions of China, quota duty rates will be applied. On imported goods within the quota quantum, in-quota duty rates as stipulated in the *Dutiable Items and Duty Rate Table for Customs Quota Goods (2012)*, issued by the General Administration of Customs of the PRC, apply. For imported goods which exceed the quota quantum, the statutory duty rate as provided in the Customs Tariffs, i.e., the out-of-quota duty rate, shall apply. Additionally, out-of-quota duty rates may be divided into MFN and general rates.

In 2012, the in-quota duty rate for sugar is 15%; for sugar that exceeds the quota quantum, the out-of-quota duty rate applies, with 50% when MFN status is in place and 125% as the general rate. If Company X in our example was only able to obtain a quota of 20,000 tons of sugar, then the in-quota duty rate will only apply to these 20,000 tons, whereas the out-of-quota rate will apply to the remaining 10,000 tons in the purchase contract. In addition, sugar is also subject to import-related value-added taxes (VAT).

h. Release
After completion of the examination and the collection of the duties, customs will release the goods to the approved importer. If the goods are not subject to examination and duty collection, customs will release the goods after verifying relevant documents. At this time, all customs declaration and supervision formalities for imported goods are completed (customs clearance).

i. Foreign exchange control
The matters related to import trade shall be implemented according to *Interim Measures on the Administration of Foreign Exchange Payment for Import of Goods* and its rules for implementation.

China does not restrict international payment when it comes to the trade of goods. Foreign exchange payment for imports made by an importer has to consist of a true and legal transaction, and the banks
involved are required to carry out reasonable checks concerning the authenticity of the trading documents and the consistency of trading documents and the foreign exchange payment documents for import. The State Administration of Foreign Exchange (SAFE) will carry out off-site quantum inspections and issue warnings concerning the foreign exchange payment for import made by the importers if necessary. If abnormal capital flow is detected, SAFE will carry out an on-site survey.

Based on the off-site quantum inspection and monitoring, combined with the results of the on-site survey (if existent) and an evaluation of the importers’ compliance with foreign exchange rules, SAFE divides importers into type A, B, and C for administrative purposes. It helps to know SAFE’s evaluation of the importer, since companies regarded as type A are able to complete the necessary formalities much quicker than companies in categories B and C.
The following is a summary of the procedures necessary to import wine into China:

1. Customs registration
2. Commodity inspection
3. Documents submission
4. Examination
5. Tax levy and exemption
6. Release
7. Foreign exchange control

Label filing
A number of special procedures are in place when it comes to importing wine into China. In our example, Company D wants to export sparkling wine to China. Since sparkling wine is not subject to quota restrictions or import licences, the steps mentioned above under “Quota management/Import licence” do not apply. However, special regulations apply concerning the labelling.

**Label filing**

Before applying for customs declaration, the importer will have to go through the labelling procedure. As a first step, samples need to be sent to China for inspection and quarantine. These samples must be marked as such and the wholesale price of each bottle must be given, since the price influences the final tariffs to be paid. It is advisable to reach an agreement with the importer determining which party shall be responsible for the tariffs of the sample wines before they are sent.

After the samples have been inspected and are deemed acceptable, you will have to provide the original label and its Chinese translation together with a sample of the Chinese label, a copy of the business license of the importer and other required documents to the responsible inspection and quarantine authority for Chinese label filing. In general this will take two to three weeks, depending on which Chinese port the wine will be imported at.

After completing the inspection and label filing procedures, the importer can continue the customs declaration, document submission and examination procedures as discussed above.

When it comes to taxes, it is worth noting that consumption tax is applicable to wine. Therefore, the importer will have to pay consumption tax at the current rate of 10% in addition to the import duty (MFN rate: 14%; general rate: 180%) and VAT (17%).
VII. Exporting mechanical and electronic equipment

Exporting mechanical and electronic equipment to China can be illustrated by case 3, the German company exporting electric torches. The export procedures are as follows:

1. Customs registration
2. Commodity inspection
3. Customs declaration
4. Documents submission
5. Examination
6. Tax levy and exemption
7. Release
8. Foreign exchange control
The procedures for foreign enterprises exporting mechanical and electronic equipment to China are similar to those for exporting sugar, described above. Since portable electric torches are not subject to quota restrictions or import licences, though, the steps described under “Quota management/Import licence” do not apply.

However, not all mechanical and electronic equipment can be freely imported into China. To find out more, please consult the Directory of Prohibition on Import of Mechanical and Electronic Products, the Directory of Restriction on Import of Mechanical and Electronic Products and the Directory on Import of Major and Used Mechanical and Electronic Products.

In the case of mechanical and electronic equipment, foreign enterprises only need to pay the import duty and the VAT (at the rate of 17%). All other procedures are the same as those for exporting sugar described above.
The procedures for exporting cosmetics to China, as illustrated by case 4, are as follows:

- Customs registration
- Commodity inspection
- Label filing
- Customs declaration
- Documents submission
- Examination
- Tax levy and exemption
- Release
- Foreign exchange control
Compared with the first three cases, the procedures for foreign enterprises exporting cosmetics to China are most similar to those for sparkling wine. As was the case for wine and electric equipment, perfume is not subject to quota restrictions or import licences. Therefore, the steps described under “Quota management/Import licence” do not apply to this case.

Just as in the case of exporting wine to China, the importer will have to go through the **Label filing** procedure.

The **Commodity inspection** of cosmetics is a little complicated, since there are different kinds of inspections in place, depending on the type of cosmetics in question. We suggest consulting the *Cosmetics Hygienic Rules*, which specify which inspection formality is applicable according to the specific ingredients of the cosmetics which are imported to China.

As for the **Tax levy and exemption** procedure, apart from paying tariff (MFN rate: 10%; general rate: 150%) and VAT at the rate of 17%, the importer will have to pay consumption taxes at the rate of 30%.

### IX. Bonded warehouses

With respect to the management of a bonded warehouse, the General Administration of Customs of the PRC has publicised relevant provisions on its website. These include the definition and classification of bonded warehouses, the scope within which goods can be stored in such a warehouse, the requirements, necessary documents and procedures for application for a bonded warehouse, etc. You will also find relevant provisions for bonded logistics centres (type A and B) on this website.

There are slight differences in the declaration procedures for bonded warehouses and general goods. When bonded goods enter the territory through customs at the harbour where the bonded warehouse is located, the consignor or his agent will have to fill in the *Customs Declaration Form of Imported Goods* in triplicate and mark it with a special “Bonded Warehouse Goods” stamp. The corresponding goods also have to be marked as being intended for storage in a certain bonded warehouse. Only then will the consignor be able to declare customs.

After examination and release of the goods by customs, one copy of the *Customs Declaration Form of Imported Goods* will be kept by customs for the records and the other two copies have to be sent to the bonded warehouse along with the goods. The bonded warehouse manager has to sign these forms immediately after the goods have been stored in the warehouse. One copy will be kept by the warehouse, while the other will be returned to customs for filing.

In the event that the consignor imports the goods at a customs office other than the one where the bonded warehouse is located, the owner will have to go through the formalities for customs transit and
transport according to relevant provisions provided by customs. To be able to transport the goods from one harbour to another, a Permit of Customs Transit and Transport is necessary. After the goods have arrived at the designated customs yard, the warehousing formalities as stated above will have to be completed.

**X. Customs declaration formalities for temporary import goods**

Temporary import goods are goods imported to China (or any other country) for a period usually no longer than 6 months for use in exhibitions, fairs and so on, using import mechanisms such as ATA Carnet or other collateral in accordance with P.R.C. law. Before the temporary import goods enter China, the consignee or his agent will have to provide a list of all goods intended for temporary import and corresponding approval documents issued by the relevant authorities. Furthermore, an application form for temporary import goods will have to be completed before application at local customs. Only upon three-level approval can the temporary import goods enter China.

When declaring the goods at customs, the customs declaration forms for imported goods will have to be handed in triplicate (one copy will be returned to the consignor after it is marked by customs) together with the abovementioned approval documents at the place where the goods are imported. Once the goods are approved by customs, the declarer will have to pay a deposit equivalent to the amount of the duty to customs. It is possible to avoid payment of a deposit and the acquisition of an import license by providing written security acknowledged by customs.

If the temporary import goods need to be transported within China for reasons having to do with the customs declaration formalities, the declarer will have to go through customs declaration formalities according to the regulatory customs transit provisions.

Foreign enterprises need to be aware that temporary import goods must leave China again within six months of the day these goods entered China. In case of failure to do so, the goods will have to be formally imported into China according to the formalities described above and including payment of all duties stipulated in Chinese law.

**XI. Legislation on import to China**

The following is a selection of laws relevant to foreign companies intending to import goods into China:

1. Foreign Trade Law of the PRC;
2. Customs Law of the PRC;
3. Interim Regulations of the PRC on Value-added Tax;
4. Interim Regulations of the PRC on Consumption Tax;
5. Measures on Safety Administration of Import and Export Foods;
6. Measures on Label Administration of Import and Export Foods;
7. Measures on Inspection and Quarantine Supervision and Administration of Import and Export Cosmetics;

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The EU SME Centre assists European SMEs to export to China by providing a comprehensive range of free, hands-on support services including the provision of information, confidential advice, networking events and training. The Centre also acts as a platform facilitating coordination amongst Member State and European public and private sector service providers to SMEs.

The Centre’s range of free services cover:
• Business Development – provision of market information, business and marketing advice
• Legal – legal information, ‘ask the expert’ initial consultations and practical manuals
• Standards – standards and conformity requirements when exporting to China
• HR and Training – industry and horizontal training programmes
• Access to a service providers directory and information databases
• Hot-desking – free, temporary office space in the EU SME Centre to explore local business opportunities
• Any other practical support services to EU SMEs wishing to export to or invest in China.

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