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CHINA'S STATUS AS A CONTRACTING PARTY

Memorandum on China's Foreign Trade Regime

The following communication from the Permanent Representative of the People's Republic of China, dated 13 February 1987, has been received by the Director-General.

I have the honour to refer to my letter of 10 July 1986 as contained in GATT document No. L/6017 regarding the request of the Government of the People's Republic of China to resume its status as a contracting party to GATT.

In pursuance of this request, I am now instructed by my Government to forward herewith a memorandum on China's foreign trade regime (English version). I should appreciate it if the memorandum be circulated to all contracting parties.

I should also request that this matter be placed on the agenda of an early meeting of the Council for initiating the necessary procedures.

The annexes (in English) listed in Part Four of the memorandum are available for consultation in the Secretariat (Office No. 1002, Tel. 31 02 31, Ext. 2366).

MEMORANDUM ON CHINA'S FOREIGN TRADE REGIME

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PART ONE: AN OVERVIEWIntroduction

China has a population of over 1.04 billion, with a territory of 9.6 million square kilometres.

Before 1949, the output value of agriculture and handicraft industry made up over 90 per cent of the total output value of industry and agriculture. People lived in poverty and the economy was extremely backward. Since the founding of the People's Republic of China, production has increased by a big margin and people's living standards have been fairly improved to a certain extent through more than thirty years' efforts made by the Chinese people. In 1985, the total output value of industry and agriculture reached about RMB 1333.6 billion yuan (about US\$ 454.1 billion)*, of which the output value of industry was RMB 875.6 billion yuan (about US\$ 298.2 billion)*. However, the living standard of the Chinese people is still quite low. At present, 80 per cent of the population is still living in the countryside. A sample survey of households in 1985 showed an average annual per capita net income of RMB 398 yuan (about US\$ 136)* for rural dwellers and average annual living expenses of RMB 752 yuan (about US\$ 256)* for city residents. Per capita national income in 1985 was RMB 656 yuan (about US\$ 223)*. China is thus a low-income developing country.

As a developing socialist country, China needs to develop socialist commodity economy in a big way. For a long time to come, China will develop a multi-formed system of ownership of the means of productions, while ensuring the dominant position of the public ownership. Currently there are not only state-owned and collective enterprises, but also individual economy, private enterprises, Chinese-foreign equity joint ventures, Chinese-foreign contractual joint ventures and wholly foreign-owned enterprises in China.

I. REFORM OF ECONOMIC STRUCTURE IN CHINA

The centralized planned economic system, practiced in China for a long time, had contributed greatly to the establishment of an independent and fairly complete industrial and national economy. However, under this system, economic decision-making was over-centralized and regulations of the economy by State mandatory plans was overemphasized to the neglect of the role of market mechanism. As a result, the enterprises were low in economic efficiency due to lack of vitality, and commodity economy could not be developed properly.

To overcome the defects of the existing economic system and give full play to the productive forces, China has conducted progressively an extensive and profound reform in its economic system since 1979. The objective of the reform is to establish a new system of planned commodity economy of Chinese style.

*1 US\$ equals to RMB 2.9376 Yuan according to the average exchange rate in 1985.

The reform started first in the agricultural sector. The household contract system linked to production* has been extended to 98 per cent of the rural households, and local government agencies have been separated from economic units. Considerable progress has been made in the development of township enterprises, the great majority of which being collective and individual. The price control over agricultural and sideline products has been largely liberalized.

The rural economy has gradually embarked upon the path of specialization and commercialization.

With the adoption in 1984 of the Decisions on Reform of the Economic Structure by the Central Committee of the Communist Party of China, there began an overall reform with the focus on the urban economy. Urban reform started from increasing the autonomy of the enterprises. Governments at all levels have had their functions separated from those of the enterprises, streamlined their administration work and delegated more power to lower levels. Government responsibility has shifted from direct control of production, supply and marketing to mainly planning, co-ordination, providing services and supervision. Production enterprises are practising a system under which the director or manager exercises full managerial responsibility or other systems of economic responsibility. The enterprises now have considerable decision-making power in matters such as planning, purchasing and marketing, pricing, wage, bonus determinations and labour regulations. The excessive and rigid control of enterprises by the State has been greatly changed. The enterprises are moving towards the direction of full authority for their own management and full responsibility for their own profits and losses.

Various modes of management are practised while the State-owned enterprises are undergoing reforms. Many medium and small-sized State enterprises are allowed to be contracted or leased out. The establishment of conglomerates and groups of enterprises is encouraged; shareholder-enterprises have been set up on an experimental basis.

Major efforts are devoted to developing commodity production and to expanding and improving the commodity market. The number of products under State mandatory planning** has been greatly reduced and the scope of products under State guidance planning and market regulation increased. Price control is being gradually relaxed, the scope of State

*The household contract system is a form of production responsibility, practised within the basic accounting units in the rural areas. Its key feature is that remuneration is linked to output. At the moment, this new household contract responsibility system has already been put into practice in the rural areas all over China.

**Mandatory planning is an order with a lawful compulsory nature imposed by the State. It mainly covers the key enterprises; the supply, production and marketing of major products; construction of big projects; and important national scientific programmes, all of which are of vital importance for the national economy and people's livelihood. Mandatory plans must be fulfilled. Any amendment or adjustment must be subject to the approval by the competent departments. Guidance plans have no lawful compulsory nature. Guidance is offered by economic levers.

pricing is being reduced and, for many products, prices under State guidance or market regulated prices are applied. A multi-channel distribution system is being created and the markets for both consumer and capital goods developed.

The equalitarian distribution system of "everybody eating from the same big pot" is now being cast aside. For State organizations and institutions, the scale wage system* is replaced by a structured wage system** in which staff members are paid according to the posts they hold. The restoration of the bonus system and the trial implementation of linking the total amount of wage and bonus with productivity have greatly enhanced the productivity of the enterprises and the enthusiasm of the workers and staff.

Since 1979, reforms have been made in the irrational price system and over-centralized price administration:

(1) The State purchasing prices of agricultural products have been gradually raised, and the range of State prices, prices under guidance (floating price) and the market regulated prices readjusted. The purchasing prices of agricultural products in 1985 were 66.8 per cent higher than those of 1978. Since 1985, the State purchasing prices have been applied only to contracted grain, cooking oil, cotton and other major agricultural products, while prices under State guidance or market regulated prices applied to all non-contracted purchases. Of the total amount of agricultural products sold by farmers in 1985, 37 per cent was at State prices as against 92.6 per cent in 1978, and 63 per cent at State guidance prices and market regulated prices as against 7.4 per cent in 1978. (2) Prices of certain energy sources and raw materials have been raised, and the price administration over capital goods relaxed. For many energy sources and raw materials, enterprises are permitted to sell any production exceeding planned targets at higher prices. Floating prices are adopted for many processed goods. (3) Prices of consumer goods have been adjusted and partly deregulated. From 1979 to 1985, the retail price index rose by 28.1 per cent in China. (4) The domestic pricing of imported goods has been changed. Most imports are priced through the agency system.

At present, there are mainly three forms of price administration in China: (1) State prices, which are applied to a very limited number of important industrial and agricultural products, communications, transportation, and other servicing charges essential to the national economy and the people's livelihood. (2) State guidance prices, which are applied by enterprises to specific categories of commodities within specific price margins set by the State or by competent authorities. (3) Market regulated prices, which are applied by enterprises in accordance with market supply and demand to the extent permitted by State laws and regulations.

For the period from 1986 to 1990, with regard to the reform of price administration, a system will be established in which the prices of a very limited number of important commodities and services are to be set

*Scale wage system - A system in which wage scales were determined according to the complexity and intensity of labour, and responsibility of work.

**Structured wage system - A system currently practised in the government administration, and public institutions, in which salary payment is composed of basic salary, duty salary, seniority allowance and bonus, with duty salary as the main portion.

by the State, while for the majority of commodities and services State guidance prices or market regulated prices will be applied so as to utilize better the price mechanism in regulating the economy.

Important changes have taken place in China's economic system as a result of the reform in the past few years. Now China is in a transitional period from a centrally-planned economy to a new system of a planned commodity economy. The new system will both conform to the reality of China and will be conducive to China's fuller participation in the multilateral economic and trading system.

With the aim of laying a good foundation for the new economic system in five or more years, China has set clearly the tasks for further reforms in the Seventh Five-Year Plan for National Economic and Social Development.

1. To further invigorate enterprises, especially medium and large State enterprises: by improving the external environment and promoting reforms within the enterprises, continue to enlarge the decision-making powers of the enterprises and make them relatively independent economic entities, commodity manufacturers and dealers capable of self-accumulation and self-development with full authority for their own management and full responsibility for their own profits or losses.

2. To make further efforts to develop a commodity market and to improve the market system: by further reducing the varieties and quantities of products under unified State allocation and distribution, improve the system of purchasing farm and sideline products according to contract; develop crosswise economic relations between regions and between agriculture, industry and commerce; by making the prices of an increasing number of products free to fluctuate, improve the markets for industrial consumer goods and for agricultural and sideline products; steadily expand the markets for the means of production; gradually open up the markets for capital, technology and labour service; and gradually strive to establish preliminarily a unified, open and competitive market system during the Seventh Five-Year Plan period.

3. To establish a new macro-economic management system by gradually changing State administration of enterprises from predominantly direct control to predominantly indirect control: by reforming the planning, banking, financial and tax systems, exercise State control and regulation of economic operations through utilizing such economic levers as prices, taxes, interest rates, exchange rates and wages, together with legal measures and necessary administrative means; and develop the socialist commodity economy in a sound way under the guidance of the macro-economic planning.

II. CHINA'S OPEN POLICY TO THE OUTSIDE WORLD

In view of the close economic and trade relations among different countries, and through summing up its own historical experiences and lessons in national economic construction, China adopted in 1979 opening to the outside world as its long-term basic State policy. Guided by the principles of independence, equality and mutual benefit, China has scored great successes in the past eight years in the pursuance of the open policy. A coastal region open to the outside world has begun to emerge.

It consists of two provinces (Guangdong and Fujian) where special policies and flexible measures are applied, four special economic zones (Shenzhen, Zhuhai, Shantou and Xiamen), fourteen coastal cities (Shanghai, Tianjin, Guangzhou, Qingdao, Dalian, etc.), and three delta areas (Changjiang River delta, Zhujiang River delta and the triangular area of Xiamen, Zhangzhou, Quanzhou in southern Fujian Province). With a population of 130 million turning out one-third of the national industrial output, this coastal region has more autonomous power and enjoys greater flexibility in granting favourable treatment in the absorption of foreign capital, transfer of technology and foreign trade. It will exert significant influence on China's drive for modernization.

China's foreign trade has developed rapidly. According to customs statistics, the total value of import and export in goods in 1985 reached US\$ 69.61 billion, that is 84.1 per cent higher than that in 1980. Export value stood at US\$ 27.36 billion and import value at us\$ 42.25 billion, registering an increase of 49.8 per cent and 116.1 per cent respectively compared with 1980. However, China's foreign trade is still small relative to both national product and world trade. China's export value of 1985 took up only 1.42 per cent of the world's total. Most of the export commodities were primary products and textiles. Manufactures such as machinery and electronic goods account for only a small portion of China's exports. There is a big domestic demand for raw materials, advanced technology and equipments. A large trade deficit has developed as imports have been growing more rapidly than exports. China's foreign trade pattern is thus characteristic of a developing economy.

A breakthrough has been made in absorbing investment and foreign technologies both in the eastern coastal areas and other parts of the country. During the seven years from 1979 to 1985, medium and long-term foreign loans totalled US\$ 13.1 billion and direct foreign investment us\$ 6.1 billion, leading to the establishment of more than 6,800 Chinese-foreign equity joint ventures, Chinese-Foreign contractual joint ventures and wholly foreign-owned enterprises. A considerable amount of foreign exchange has been spent on import of foreign technology involved in over 10,000 projects. In order to guarantee successful economic reform and the smooth implementation of the open policy, legislation has been strengthened and improved. Over 100 laws and regulations have been promulgated concerning external economic relations. The major ones include: "Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment", "Regulations for the Implementation of the Law of the People's Republic of China on Enterprises Operated Exclusively with Foreign Capital", "Income Tax Law of the People's Republic of China Concerning Joint Ventures with Chinese and Foreign Investment", "Income Tax Law of the People's Republic of China Concerning Foreign Enterprises", "Law on Foreign Economic Contracts of the People's Republic of China", "Regulations on Administration of Technology Import Contracts of the People's Republic of China", "Patent Law of the People's Republic of China". In order to improve the investment environment and guarantee the interests of foreign investors, the Chinese government promulgated in October 1986 "Regulations of the State Council of the People's Republic of China Concerning Encouragement of Foreign Investment" in which special incentives were provided to enterprises with foreign investment including reduced service charges; lower site use fees, exemption from income tax on profit remittance in the case of export-oriented or technologically advanced enterprises with foreign investment. China grants foreign investors full decision-making power under conditions prescribed by law.

By the end of 1986, China has concluded agreements on the promotion and protection of investment with eighteen countries including the United Kingdom, France and the Federal Republic of Germany, and has signed agreements on double taxation with sixteen countries including the United States, Japan, the United Kingdom, France and the Federal Republic of Germany.

III. CHINA AND THE INTERNATIONAL ECONOMIC, COMMERCIAL AND FINANCIAL ORGANIZATIONS AND THE INTERNATIONAL TREATIES CONCERNED

The People's Republic of China assumes membership of a large number of international economic, commercial and financial organizations. (For details, see Annex I.)

The People's Republic of China has also signed, ratified, approved, accepted or acceded to a series of international treaties concerning economic relations and trade. (For details, see Annex II.)

PART TWO: CHINA'S FOREIGN TRADE POLICY AND SYSTEM

I. CHINA'S FOREIGN TRADE POLICY

1. China is ready to develop trade with countries and regions all over the world on the basis of equality and mutual benefit, and to advance towards multilateralism. China has established economic and trade relations with more than 170 countries and regions of the world and actively expanded its economic, trade and technological interchange with both developed and developing countries. Most of China's trade partners are contracting parties to the GATT, whose trade with China has accounted for more than 85 per cent of china's trade by value.

China has entered into bilateral trade agreements with more than 90 countries and regions, including the European Economic Community (Annex XI). The trade agreements can be classified as follows:

- The first category refers to agreements which set the general conditions including the most-favoured-nation clause for the conduct of trade between China and its trading partners. China has concluded such agreements with most of the OECD countries and a number of developing countries.
- The second category refers to agreements which, in addition to the most-favoured-nation clause, contain an indicative list of commodities to be exchanged between the two parties. China maintains such agreements with many developing countries. In a few cases, payments agreements are also concluded. However, such kind of agreements are being reduced.
- The third category refers to the agreements which provide the most-favoured-nation clause and fix, either in terms of quantity or value, a detailed list of commodities to be exchanged, and a protocol of exchange of goods is signed annually. China maintains such agreements with the USSR and most of the other socialist countries. In 1985, trade with these countries accounted for about 8 per cent of China's total amount of foreign trade.

2. China, as a developing country, needs to import a great deal of advanced technology, equipments and other necessary means of production to attain its development objective. But, owing to the scale of import being limited by the capability to earn foreign exchange through export, China has to decide the structure of imports under the guidelines of accelerating the improvement of domestic technology, increasing the capacity to export, and economizing foreign exchange resources. Priority is given to import of advanced technology, key equipments and materials for production and construction which are absolutely necessary and in short supply.

3. To make great efforts to increase exports and earn foreign exchange is the key for China to expand import and develop foreign economic and technological exchange on a large scale. Like in the case of many other developing countries, shortage of foreign exchange will remain a prominent problem in China for a long time to come. Export is the main source of foreign exchange earnings for China and it is of great significance to China's economic development and its policy of opening to the outside world. To expand its export, China has adopted the following policy measures:

- All export-oriented enterprises and foreign trade enterprises are required to give priority to improving quality of export products and to set up gradually and perfect the system of sales promotion and after-sale service network abroad.

- Efforts should be exerted to gradually change the structure of export commodities, mainly shifting from primary products to manufactured products, and from products of preliminary processing to products of fine processing.

- Further rationalization should be made to the geographical distribution of export-oriented production centres and various types of export-oriented production system should be established in the coastal areas and other suitable regions so as to form a nation-wide integrated system.

- Policy measures should be implemented so as to provide incentives and assistance to production of export commodities. As China is a developing country, its technological level and productivity are rather low. On the other hand, the reform of China's economic structure is under way and its domestic market system is in the process of taking shape. It is therefore inevitable that enterprises are adversely affected by the long standing irrational tax and price systems. So, during the process of the economic reform, the State gives tax rebates or exemptions, provides loans at preferential rates and other economic assistance to export-oriented production bases, factories and enterprises which are in difficulty, guide them to carry out technological transformation and raise their productivity, so as to enable them to offset the effects of the inherited system of irrational taxation and prices to a certain extent, and to participate in international competition under approximately equal economic conditions. Temporary measures of incentives and economic assistance taken by the State are mainly as follows:

- (1) Tax exemption or drawback is applied to a number of export products.
- (2) Preferential and low interest rate loans are granted to export-oriented enterprises with a view to improving the structure and quality of their export products.
- (3) The export-oriented enterprises with outstanding achievements are permitted to give bonus to their employees.
- (4) The system of retaining a proportion of foreign exchange earned is practised so as to expand the right of local governments, departments and enterprises concerned to dispose of foreign exchange at their own discretion.

China's foreign trade policy has been brought into effect throughout the country.

II. REFORM OF CHINA'S FOREIGN TRADE SYSTEM

In early 1950s while private import-export enterprises were permitted to carry on their business, over a dozen of national import-export corporations were set up by the State. After 1956 foreign trade became monopolized under the former Ministry of Foreign Trade by the national import-export corporations, and their branches located in Guangzhou, Shanghai, Qingdao, Tianjin and Dalian. After 1973, were added some more port-cities of Jiangsu, Henan, Hubei, Hunan, and Yunan provinces. A monopolized system was basically practised until 1979.

In 1979, China's foreign trade system reform began, mainly by decentralizing the management of foreign trade. Departments and enterprises of industrial production and local governments of various levels are allowed to engage in export and/or import instead of the centralized management by national foreign trade corporations under the former Ministry of Foreign Trade. Up till 1986, over 800 import-export corporations had been approved by the Ministry of Foreign Economic Relations and Trade. If trade related consultancies, storehouses and transportation enterprises were included, the total would exceed 1200. Among these foreign trade enterprises, some are specialized foreign trade corporations, others are amalgamated corporations formed by industrial and trading enterprises. In addition, some large and medium-sized enterprises or syndicates are approved to engage in exporting their own products and importing raw material for their own use. Joint ventures, cooperative schemes and enterprises with sole foreign investment are entitled to export their products and import capital goods. more trade forms are practiced such as processing foreign materials, processing according to foreign samples, compensation trade and countertrade. In bordering provinces and autonomous regions, border trade with neighbouring countries is developing. Various business channels and diversified trade forms have emerged in the course of foreign trade reform.

While decentralising the foreign trade operation, the Chinese Government decided in 1984 to further reform the foreign trade system to further strengthen and improve macro-economic control and the administrative system, i.e. to rationally regulate foreign trade chiefly by making use of exchange rates, customs duties, taxes and credits.

The MOFERT and its subordinate Departments (or Commissions) of the provinces, autonomous regions and municipalities exercise administrative control over foreign trade. The MOFERT is the functional department of the government of the country in charge of external economic relations and trade. It is responsible for implementing foreign trade policies, making and amending rules and regulations; drawing up long-term foreign trade development program, medium-term and annual import-export plans in coordination with the State Planning Commission, and supervise their implementation; organizing bilateral and multilateral trade negotiations between governments, concluding trade agreements and documents and organizing their implementation; approving the establishment of foreign economic and trade enterprises; exercising import and export licensing system (including the allocation of export quotas for textiles and clothing); engaging in international market research and exchanging and disseminating information.

Foreign trade is administered at different levels in China. The Departments (or Commissions) of Foreign Economic Relations and Trade of provinces, autonomous regions and municipalities administer and supervise foreign trade of the area under their respective jurisdiction in accordance with the authorization of MOFERT. Establishment of national or transprovincial foreign trade corporations should be approved by MOFERT, and provincial and municipal foreign trade enterprises approved by the Department (or Commission) of Foreign Economic Relations and Trade of the province concerned with prior consent from and reporting to the MOFERT for the record. An approved foreign trade enterprise should not start business before it registers with the local Administrative Bureau for Industry and Commerce and gets a business licence.

The import-export plan is an important means of macro-economic guidance and for the smooth development of foreign trade. Its rôle is to develop exports to earn foreign currencies and to make effective use of foreign exchange resources as well as promote a well-coordinated development of the national economy. The plan is drawn up and balanced by MOFERT in collaboration with other governmental departments concerned. It is administered at different levels.

The reform of the foreign trade planning system is an important part of the reform of the foreign trade system. As China's economic reform has been making headway, the totally mandatory foreign trade planning practised in the past has been replaced correspondingly by mandatory planning, guidance planning and adjustment through market forces. The direction of the planning reform is to reduce gradually the proportion of mandatory planning and to extend the scope of guidance planning and adjustment through market. As regards the coverage of commodities, most of them have been shifted to the group that is under the guidance planning. Only a few such as oil, coal, grain, cotton, chemical fertilizer, lumber and steel remain under the mandatory planning.

When an unexpected development of production or market changes occurs, the State may make appropriate readjustment of the planned import and export targets, including mandatory ones.

III. THE TARIFF SYSTEM OF CHINA'S CUSTOMS

China attaches much importance to the Customs tariff legislation. In May, 1951, it promulgated the "Provisional Customs Law of the People's Republic of China", the "Customs Import and Export Tariff" and the "Provisional Regulation Governing the Application of the Customs Import and Export Tariff" and put them into effect. Afterwards, the Tariff had been revised and modified more than twenty times in the course of the development of the national economy. The existing "Regulations on Import and Export Duties of the People's Republic of China" and "the Customs Import and Export Tariff" became effective on March 10, 1985.

The Customs tariff plays an important rôle in China's economic development. In the 1950s, when the national economy of China was in the stage of restoration, the general principle of the tariff policy was to protect the domestic industry and the domestic products against the competition of imported foreign goods. After 1979, with the reforms of the economic system and the foreign trade system, the governmental administration has been separated from the enterprise function so that the enterprises have become independent economic entities. The function of the Customs tariff in regulating imports and exports and in protecting domestic production has become increasingly important.

Since 1984, the Customs legislation has been thoroughly revised. The general policy of the Customs tariff is to carry out the policy of opening to the outside world, to encourage the exports, to promote the imports of necessities and to protect and improve the development of the national economy. The basic principles for establishing duty rates are as follows: (1) Duty-free or low duty rates shall be applied to those imported goods which are needed for the national economy and the people's livelihood, but cannot be produced or insufficiently supplied domestically; (2) Import duty rates on raw materials shall generally be lower than those on semi-manufactured or manufactured products; (3) As for parts or components of machinery, equipment, instruments and meters, which cannot be produced domestically, or the quality of which is not up to standard, the import duty shall be levied at lower rates than those on complete products; (4) Higher duty rates shall be applied to those products which can be produced domestically or which are not essential for the national economy and the people's livelihood; (5) A still higher duty shall be applied to imported products, the equivalent of which can be produced domestically and which need protection; (6) The majority of export commodities are free of export duty. Only a few items such as raw material, material and semi-manufactured products are subject to export duties.

The "Regulation on Import and Export Duties" provides that all goods permitted to be imported into or exported from the People's Republic of China are subjected to import or export duty to be collected by the Customs in accordance with the "Customs Import and Export Tariff", unless otherwise provided for. There are two columns of import duty rates, minimum rates and general rates. The minimum rates apply to the imports originating in the countries with which China has concluded trade treaties or agreements containing most-favoured-nation clauses; whereas the general rates apply to imports originating in the countries with which China has not concluded such trade treaties or agreements.

Both import and export duties are ad valorem duties. The duty-paying value of imported merchandise is the c.i.f. value of the goods, i.e. the normal wholesale price prevailing at the place of purchase plus all charges such as packing charges, freight, insurance premiums, commissions etc, before discharge at the place of importation in China. It shall be scrutinized and determined by the customs. If the normal wholesale price prevailing at the place of purchase cannot be ascertained by the Customs, the duty paying value shall be assessed on the basis of the normal wholesale price of like imported goods prevailing at the place of importation on the date of application minus the import duty and other expenses of importation and normal freight, storage fee and other business expenses incurred after importation. The duty-paying value for exports is the f.o.b. value of the goods sold abroad less export duty, which shall also be scrutinized and determined by the Customs.

It is also provided in the "Regulations on Import and Export Duties", that in the case of dispute on the tariff classification and the duty-paying value that are examined and determined by the Customs, the duty payer can (1) demand from the local Customs to re-examine the matter and (2) if the case cannot be settled this way, submit it to the Customs General Administration in Beijing for the final decision.

In accordance with the "Regulations on Import and Export Duties", the rules of origin are adopted in the application of duty rates, i.e., the origin of any imported merchandise which processed or assembled by two or more countries should be the country in which the final processing or assembling takes place. But the country in which only minor operations such as packing, selecting, marking or labelling are made, shall not be considered as the country of origin of that product.

The Customs' Import and Export Tariff is arranged on the basis of the CCCN. It is divided into 21 sections, 99 chapters and 1,011 tariff headings. In the meantime, 1,091 sub-headings on major or specific imported or exported merchandise are added and altogether, the items in the Tariff amount to 2,102. Leaving out the duty-free merchandise, the minimum import tariff ranges from 3 per cent to 150 per cent, divided into 17 grades whereas the general import tariff from 8 per cent to 180 per cent, also in 17 grades. Normally, the minimum duty rates is one grade lower than the general duty rates.

At present, eight kinds of goods are subject to export duties. There is only one column of export duty rates in the tariff, which varies from 10 to 60 per cent, in four grades.

From June 16, 1985 onwards, it was decided to start levying an import regulatory tax, that is, a surtax in addition to import tariff, on certain goods. The reason for levying the import regulatory tax is that the domestic production of a number of commodities lags too far behind that of developed countries, and import duties imposed in accordance with the provisions of the tariff regulations are unable to provide sufficient protection for the development of domestic industries.

At present, fourteen commodities are subject to the import regulatory tax, including passenger vehicles, motor-cycles, colour projection television sets, mini-electronic computers, electronic calculators, woven fabrics of chemical fibres etc. In addition, the Customs collects, for the Ministry of Finance, the Consolidated Industrial and Commercial Tax on Imported Goods.

IV. CHINA'S IMPORT AND EXPORT COMMODITY INSPECTION

The Chinese Government attaches great importance to the inspection of import and export commodities. China enacted the "Provisional Regulations Governing the Inspection and Testing of Import and Export commodities" in 1954. The State Council of the People's Republic of China promulgated the "Regulations on the Inspection of Import and Export Commodities of the People's Republic of China" in 1984, to replace the previous Provisional Regulations so as to further strengthen the inspection of import and export commodities and protect the legitimate rights and interests of the parties concerned in foreign trade.

Commodity inspection includes quality, weight and packing of the commodities. The inspection shall be carried out in accordance with the stipulations provided in the foreign trade contract; in the absence of such stipulations or when not clearly and distinctly stated in the contract, the export commodities from China shall be inspected according to China's standards or relevant provisions of the State; and the commodities to be imported to China shall be inspected in light of the relevant standards of the producers' country or international standards or China's standards; as for commodities for which China has special provisions, their inspection shall be carried out accordingly.

The State Administration for the Inspection of Import and Export Commodities of the People's Republic of China is the competent authority in charge of unified supervision and administration of the import and export commodities inspection. The import and export commodity

inspection bureaux in various parts of China, over which the Administration has jurisdiction, and other inspection organizations designated by the Administration act as an independent third party to conduct inspection of import and export commodities. They provide superintending and surveying services in relation to foreign trade in conformity with the principles of independence, fairness, impartiality and practicality. They also issue certificates of inspection and appraisal as valid documents for the delivery and receipt, account settlement, charge calculation, average adjustment, customs declaration, duty paying and claims settlement of imports and exports. All this is aimed at promoting China's foreign trade.

In addition, quarantine of import and export of animals and plants shall be undertaken in accordance with the "Regulations concerning the Quarantine of Animals and Plants of the People's Republic of China."

V. CHINA'S IMPORT AND EXPORT LICENSING SYSTEM

China's import and export licensing system has a history of more than thirty years. The then Government Administration Council of the Central People's Government promulgated the "Interim Rules for the Administration of Foreign Trade" on December 8, 1950, and the Trade Ministry of the Central People's Government (later renamed the Ministry of Foreign Trade) applied the licensing system to all import and export commodities from May 1951. After 1956, China's foreign trade was exclusively handled by the state-run national corporations under the Ministry of Foreign Trade, and all foreign trade corporations conducted their business in accordance with the import and export commodity plan assigned by the Ministry. In those years, the import and export licensing system practically stopped functioning. Since China's adoption of the policy of opening to the outside world in 1979, the number of enterprises engaging in foreign trade has been steadily increasing. Foreign trade has been continuously expanding, both in terms of volume and value, and forms of carrying out foreign trade have diversified. The previous practice of assigning commodity plans by the Ministry of Foreign Trade could no longer meet with what the new situation required from foreign trade administration. In view of the new situation, China resumed the application of the import and export licensing system in October, 1980.

The licensing system is an administrative means established by the State to ensure the smooth development of foreign trade. In accordance with the provisions of the import and export licensing system of the People's Republic of China, MOFERT is the department exclusively responsible for administering the licensing system. It may authorize the departments of foreign economic relations and trade at the provincial level or the special commissioner offices located at the main ports, to issue licenses for some import or export commodities within their respective administrative areas.

1. Import Licensing System

On January 10, 1984, the State Council promulgated "interim regulations on Licensing System for Import commodities of the People's Republic of China" (Annex V), and on 15th of May of the same year the MOFERT and the Customs General Administration issued "Detailed Rules for the Implementation of the Interim Regulations on Licensing System for Import Commodities of the People's Republic of China" (see Annex V). The interim regulations are unifiably implemented throughout China, without country or regional restrictions. The import licensing system is one of the import administrative measures of the State with the aim of spending the limited foreign exchange resources on those imports most necessary for the national economic development.

It is stipulated in Article 2 of the Interim Regulations that "all commodities imported on the strength of licenses" "shall require that an application be filed and the licenses for the import commodities be obtained in advance. Orders for them should be placed through the corporations approved by the State to engage in the business of importing such commodities. Customs clearance is given only after examination has been made by the Customs of the license and other documents concerned for the imported commodities."

It is stipulated in Article 6 of the Interim Regulations that "the items of import commodities restricted by the State shall be made public and readjusted in a unified way by the MOFERT." MOFERT readjusts the items of restricted import commodities in the light of the availability of foreign exchange and the changes of domestic production and market situation, and duly makes them public.

As of January 2, 1987, China applied import licensing to 42 kinds of commodities (see Annex VII), the import value of which accounts for about one third of the total value of China's imports.

Corporations, which are approved by MOFERT to engage in the import business can import, without getting licenses, commodities other than the above-mentioned 42 kinds which come within their scope of operation. When importing commodities that go beyond their scope of operation, they need to have import licenses beforehand. If other enterprises and institutions need to import by themselves small quantities of urgently needed goods due to special circumstances, import licenses shall be applied for.

MOFERT is the State body responsible for issuing import licenses. Departments of the Chinese Communist Party Central Committee and ministries of the State Council, and their subordinate units need licenses for imports. The competent departments shall apply for them at MOFERT. Special commissioner offices of MOFERT in Guangzhou, Shanghai, Tianjin and Dalian issue some of the import licenses to the relevant departments within their respective administrative areas. Likewise, the foreign economic relations and trade bureaux of various provinces,

autonomous regions and municipalities directly under the State Council are responsible for issuing some of the import licenses. The licenses for nine items: automobiles, TV sets, computers, duplicating machines, chemical fabrics, chemical fibre monomers, chemical fibres, rubber and timber - are all issued by MOFERT.

The applicants shall have to submit to the license-issuing organs application letters signed by those at or above the department or bureau level and import certificates including certificates approving the import by the competent departments and/or industry-specific approval departments under the State Council as well as certificates of approval for using foreign exchange in line with the regulations. Importers of goods listed in the State import plan (together with their quantities and their users) may apply for and obtain import licenses with the documents approving the planned import without any need to go through the industry-specific approval departments. In importing commodities restricted by licenses for projects utilizing foreign investment and importing foreign technology, etc. as approved by various provinces, autonomous regions and municipalities directly under the State Council as well as various ministries, the importers may apply for and obtain import licenses directly from the license-issuing organs with the project approving documents. The documents should have the descriptions and quantities of the commodities to be imported.

Foreign partners in Chinese-foreign equity joint ventures, contractual joint ventures and wholly-owned foreign enterprises may apply for and obtain licenses with the approval documents and contracts 'when they import equipment subject to State import restriction for their own enterprises' use as investment. The import license may be issued after examination by the license-issuing organs.

The items subject to State import restriction imported by the Chinese-foreign equity joint ventures, contractual joint ventures and wholly-owned foreign enterprises may be exempted from import licenses when they are used for export production; and they may be facilitated in terms of formalities in obtaining import licenses when they are used as investment for construction of enterprises or for production of domestic sales.

After receiving application letters, the license-issuing organs usually issue licenses within three to five working days. The import licenses are valid for one year, and when necessary, the validity can be extended for a limited period.

2. Export Licensing System

The licensing system for export commodities is administered in accordance with "Interim Procedures for the Export Licensing System of the People's Republic of China".

As of the first of January, 1987, the total number of export commodities under licensing system is 212 (see Annex VIII), 30 items of which being subject to approval by MOFERT, 42 items by the special commissioner offices of MOFERT and the remaining 140 items by the provincial authorities.

The decision on issuing an export licence usually takes three to five working days. The validity of export license is six months, and can be extended for a period of two months upon request.

VI. PRICING OF CHINA'S IMPORTS AND EXPORTS

Along with the reform of pricing system and foreign trade system, the import and export handled by foreign trade enterprises on commission basis has been expanding continuously. As a result, the previous method of import and export pricing exclusively set by the State has been replaced by manifold methods.

1. Domestic Pricing for Import Commodities

At present, the agency pricing system is largely applied in the import business of foreign trade enterprises. In 1985, the volume of the imports handled under the agency pricing system by the foreign trade enterprises has taken up 70 per cent of the total import volume. Under this system, the domestic price of an import commodity is composed of the c.i.f. value, import duty, internal taxes, banking charges, commissions, etc. The profits and losses resulting from the sales of imported commodities on the domestic market are borne by the importing units.

For a few import commodities such as steel, fertilizers and grains which have an important bearing on the national economy, their domestic prices are set by the State and the State assumes responsibility for all the profits and losses therefrom. The number of state-priced commodities is expected to be gradually reduced as the reform of the price system progresses.

2. Pricing of Export Commodities

(A) In case of export business entrusted to foreign trade corporations on a commission basis, prices are determined on the basis of domestic costs and international market conditions. The foreign trade enterprises charge a commission.

(B) In case of export business carried out by foreign trade corporations on their own or jointly with productive enterprises, price components include purchased value or production costs, transportation expenses, storage expenses, banking charges, export duty (when levied), reasonable profit margin, etc.

Supply and demand conditions on international markets are also taken into account in determining export prices.

VII. CHINA'S EXCHANGE CONTROL SYSTEM

1. China, one of the member countries of the International Monetary Fund that have availed themselves of Article XIV of Articles of Agreement, has implemented the system of centralized control over its foreign exchange receipts and payments. The State Administration of Exchange Control (SAEC), under the leadership of the People's Bank of China, is in charge of foreign exchange control. Its major functions include: to formulate rules and regulations of foreign exchange control; to participate in the working out of the State plan for foreign exchange receipts and payments, and to supervise its implementation; to fix and publish the exchange rates of Renminbi; to control the official foreign exchange reserves and foreign debts; to control foreign exchange dealings, trade and non-trade receipts and payments; to investigate cases involving violation of the regulations governing foreign exchange control and penalize the violators.

The Bank of China is the state-owned bank specializing in foreign exchange business. Other banks and financial institutions may also deal, with the approval of the SAEC, in foreign exchange business within the approved scope, subject to the control and supervision by the SAEC and its branch offices.

2. China exercises centralized control over its foreign exchange. China, as a developing country, needs an immense amount of foreign exchange funds to accomplish its modernization programme by the end of this century. Foreign exchange will remain in short supply for rather a long period of time to come. The aim of exercising centralized control over its foreign exchange is to make an effective utilization of its limited foreign exchange.

Since 1979, China has gradually carried out reforms of its foreign exchange system: The first step was to reform the previous system of State allotment of foreign exchange and adopt the retention system. In 1979, the State began to grant foreign exchange quotas, within which foreign exchange can be purchased, by those local authorities, departments and enterprises that have sold their foreign exchange earnings to the SAEC or its branch offices, in proportion to the amount of their sales according to the State regulations. They keep foreign exchange quota accounts respectively with the SAEC or its branch offices and can purchase foreign exchange from a State bank to meet their needs within the specified scope of usage. This measure helps strengthening the vitality of enterprises, enlarge their decision-making power regarding importing from abroad and bring their initiative into full play. The second step was to start business dealings of foreign exchange. After the adoption of the foreign exchange retention system, some enterprises might have surplus foreign exchange quotas, while others might be in need of foreign exchange. Direct dealings of foreign exchange between them are not allowed. However, to facilitate the flow of surplus foreign exchange quota between enterprises so as to invigorate the economy, enterprises with surplus quotas are permitted to sell, through the foreign exchange control authority or the Bank of China, the surplus to those enterprises that need foreign exchange.

China's foreign exchange control system is still under reform. The mandatory planning will continue to be gradually replaced by guidance planning. While consolidating and improving macro-economic control over foreign exchange, a foreign exchange market will be opened in China step by step and a regulatory system with economic means as the main levers will be set up in China. The People's Bank of China as the central bank shall regulate the direction and rate of flows of foreign exchange by such means as credit, interest rate and exchange rate so as to keep an overall balance of international payments as set by the State plan.

3. Management of China's foreign debt: since the adoption of the policy of opening to the outside world, and utilizing foreign capital in 1979, the scope of utilizing foreign capital has been expanding continuously. By the end of 1985, the outstanding foreign debts stood at US\$ 15.8 billion. China borrows from abroad in a planned way. The programme for making utilization of foreign funds is drafted by the State Planning Commission and approved by the State Council. In the light of the State policy and the plan for the utilization of foreign funds, the SAEC is responsible for managing foreign debt, keeping hold on precise, up-to-date and overall information on the foreign exchange and foreign debt and, at the same time performs the function of checking up and supervising borrowings abroad.

4. China's policy on foreign exchange rates: the Renminbi is a non-convertible currency. The exchange rate of the Renminbi is fixed and promulgated by SAEC. The previous Renminbi exchange rate against foreign currencies for internal trade settlement was eliminated on January 1, 1985. The exchange rate of the Renminbi is unitary, subject to managed floating. It is adjusted from time to time according to the purchasing power of the Renminbi in comparison with foreign currencies, the balance of payments and foreign exchange reserves of china, and the movements of foreign currency exchange rates on international financial markets.

During the period of January 1, 1985 to July 1986, the Renminbi exchange rate against the US dollar was adjusted downward by 24.5 per cent from RMB 279.63 to RMB 370.36 per hundred US dollars. The decision to devalue was based on the following considerations: (1) In the course of the economic reform and the development of the commodity economy in China, the prices of agricultural and sideline products and part of industrial products were liberalized. In consequence, the general level of prices moved upwards. The Renminbi exchange rate should therefore be adjusted correspondingly in response to the changes in the domestic market and those of international price level. (2) Since 1985, China's balance of payments has been in deficit and its foreign exchange reserves declined. In order to promote export and to balance international payments, appropriate adjustment had to be made on the Renminbi exchange rate.

VIII. CHINA'S SPECIAL ECONOMIC ZONES AND OPEN COASTAL CITIES

Since 1979, China has established four Special Economic Zones (SEZs) - Shenzhen, Zhuhai, Shantou and Xiamen; and further opened fourteen coastal cities - Dalian, Qinhuangdao, Tianjin, Yantai, Qingdao, Nantong, Lianyungang, Shanghai, Ningbo, Wenzhou, Fuzhou, Zhanjiang and Beihai as well as Hainan island.

The establishment of SEZs and open coastal cities is aimed at expanding foreign economic cooperation and technical exchanges, developing foreign trade, absorbing foreign investment, introducing advanced technology, training professional management personnel and accelerating China's socialist construction.

For investment in China's SEZs and open coastal cities, foreign investors are granted more favourable treatment. This includes:

(1) Key equipment and instruments imported to help accelerate the technical transformation of China's enterprises, shall be exempted from customs duties and the Industrial and Commercial Consolidated Tax. Exemption of customs duties and the industrial and commercial consolidated tax shall also be accorded to machinery and equipment, workshop building materials, the imported raw materials, spare parts and packing materials designed for export production.

(2) A 15 per cent preferential enterprise income tax shall be levied on the income of any joint ventures, cooperative enterprises or enterprises with sole foreign investment operating in the special economic zones and economic and technological development zones of coastal cities. When foreign investors remit abroad legal profits distributed to them the amount remitted shall be exempt from income tax.

(3) A 15 per cent preferential enterprises income tax shall be allowed, upon the approval by the Ministry of Finance, for projects with technology or knowledge-intensive, or projects having overseas investment exceeding US\$ 30 million and with a long lead time.

(4) A 15 per cent preferential enterprises income tax shall be allowed, upon the approval by the Ministry of Finance for joint ventures, for cooperative enterprises and enterprises with sole foreign investment operating in the coastal cities, whose operations or investments belong to the fields of energy, communications and port construction.

PART THREE: INSTITUTIONS AND PUBLICATIONS RELATING TO TRADE

I. INSTITUTIONS

The State Council

In accordance with Article 89 of the Constitution of the People's Republic of China, the State Council exercises the following functions and powers concerning foreign economic relations and trade: to adopt

administrative measures concerning foreign economic relations and trade, enact administrative rules and regulations and issue decisions and orders according to the constitution and the statutes; to submit proposals concerned to the National People's Congress or its Standing Committee; to lay down the tasks and responsibilities of the ministries and commissions of the State Council, to exercise unified leadership over the work of the ministries and commissions; to draw up and implement the plan for national economic and social development; to conduct foreign affairs and conclude treaties and agreements with foreign states; to alter or annul inappropriate decisions, orders and regulations issued by the ministries, commissions or local organs of State administrations at different levels.

The State Planning Commission

The major functions and responsibilities of the State Planning Commission are to take charge of preparing long-term, medium-term and annual plans for national economic and social development in line with the national general policy of the economic construction; to organize and coordinate the work of national capital construction; to supervise the implementation of the plan.

The State Economic Commission

The main functions and responsibilities are to supervise the implementation of the annual national economic plan; to organize and coordinate the work and economic activities of different economic departments in the current year; to be responsible for enterprises' technological transformation and progress, as well as the improvement of management; to conduct investigation and research on important problems of economic and technological policy.

The Ministry of Foreign Economic Relations and Trade (MOFERT)

There are 26 departments in the MOFERT. Among these, the following have closer contacts with foreign countries:

Department of Treaties and Law
Foreign Trade Administration
Import and Export Department
Department of Foreign Aid
Department of Foreign Economic Cooperation
Foreign Investment Administration
Technology Import and Export Department
Department of International Relations
First Department for Regional Affairs
Second Department for Regional Affairs
Third Department for Regional Affairs
Protocol Department

MOFERT has set up special commissioner offices in Guangzhou, Shanghai, Tianjin and Dalian, which administer and supervise foreign trade in their respective areas and approve a certain number of import and export licenses, as authorized by MOFERT.

Foreign economic and trade departments of provinces, autonomous regions and municipalities administer and supervise local foreign economic relations and trade under the leadership of MOFERT and its local government and accelerate the development of foreign economic relations and trade in its areas.

The Ministry of Finance

The Ministry of Finance performs the following major functions: to draw up the rules and regulations in respect of finance, budget, tax, financial affairs, accounting, etc. to carry out the State financial budget; to manage revenue and expenditure, and taxes including taxes concerning foreign nations; to supervise the government's domestic and foreign debt as well as loans granted to China by IBRD; to manage national income and expenses of foreign exchange earned from sources other than merchandise trade; to supervise financial activities of the ministries, commissions and localities.

The People's Bank of China

The People's Bank of China is the central bank which exercises leadership and administration over money and finance throughout the country. In ACCORDANCE WITH "Provisional Regulations of the People's Republic of China on Bank management" its functions are as follows: to draw up and implement policies and rules and regulations with regard to banking and financing; to control the issuing of currency; to regulate circulation of currency; to manage the interest rate of deposit and loan, and decide the foreign exchange rate between Renminbi and foreign currencies; to compile State credit plan, and administer credit funds and working capital of state-owned enterprises; to administer foreign exchange, gold and silver, reserve of foreign exchange and gold; to approve the establishment or rescission or merger of the specialized banks or other financial institutions; to lead, manage, coordinate, supervise the business of the specialized banks and other financial institutions to manage exchequer and acting as an agent to issue government bonds; to administer shares, bonds and other securities of enterprises as well as financial market; to participate in relevant international financial activities on behalf of the Government.

The Customs General Administration

Under the direct guidance of the State Council, the Customs General Administration is responsible for unified management of the national customs service, organizations, personnel and outlays, etc. Its main functions are to perform the actual supervision over inbound and outbound goods, currencies, gold and silver, postal articles, passengers' luggage, means of transport and their crews' personal effects; to collect customs duties, taxes and fees collected by the Customs according to law; to investigate and ban smuggling; to compile Customs statistics and to handle other customs matters.

II. PUBLICATIONS RELEVANT TO FOREIGN TRADE

"Almanac of China's Foreign Economic Relations and Trade" is edited by the Editorial Board of the Almanac of China's Foreign Economic Relations and Trade. "Guide to China's Foreign Economic Relations and Trade" (Import and Export Trade, Investment Special, Cities Newly Opened to Foreign Investors, International Economic Cooperation, Guide to Importation of Technology) edited by Policy Research Department of Ministry of Foreign Economic Relations and Trade, contains the texts of laws and regulations, important documents, statistics and information relating to foreign trade.

"Statistical Yearbook of China", published by State Statistical Bureau of the People's Republic of China, reflects the overall social and economic development of China. "China's Customs Statistics", collected according to countries, regions and commodities, is edited and published once a quarter by the Customs General Administration of the People's Republic of China.

"International Trade", "International Economic Cooperation" and "China Foreign Trade" are also edited by the Institute of international Trade, the Institute of International Economic Cooperation of the Ministry of foreign Economic Relations and Trade, and China Council for the Promotion of international Trade. these magazines look into the theories and practices of international economy and trade, indicate the trends in the economic activities and trade relations at home and abroad, provide the information about development of China's foreign economic relations and trade, operations of foreign trade corporations as well as exportation.

The bimonthly "International Trade Issues" edited and published by the University of International Business and Economy, is a magazine engaged in the theoretical research on international economy and trade.

"International Business" is sponsored by MOFERT and "International Trade News" edited by the Institute of International Trade of MOFERT, both of which publish in time the policies, laws and regulations relating to China's foreign economic relations and trade, and provide information about the developments of China's foreign economic relations and trade as well as international market, and offer services to people from both domestic and overseas trade circles.

PART FOUR: ANNEXES

- I. LIST OF INTERNATIONAL ECONOMIC, COMMERCIAL AND FINANCIAL ORGANIZATIONS IN WHICH THE PEOPLE'S REPUBLIC OF CHINA IS A MEMBER
- II. INTERNATIONAL TREATIES CONCERNING ECONOMY AND TRADE WHICH THE PEOPLE'S REPUBLIC OF CHINA HAS SIGNED, RATIFIED, APPROVED, ACCEPTED OR ACCEDED TO
- III. DECISION OF CENTRAL COMMITTEE OF COMMUNIST PARTY OF CHINA ON REFORM OF ECONOMIC STRUCTURE
- IV. THE SEVENTH FIVE-YEAR PLAN OF THE PEOPLE'S REPUBLIC OF CHINA FOR ECONOMIC AND SOCIAL DEVELOPMENT (1986-1990)
- V. LIST OF MAIN EXISTING LEGISLATION OF THE PEOPLE'S REPUBLIC OF CHINA
 1. Relevant Laws*
 - (1) The Constitution of the People's Republic of China
 - (2) The General Principle of Civil Law of the People's Republic of China
 - (3) The Civil Procedural Law of the People's Republic of China (for trial implementation)
 - (4) The Bankruptcy Law of State Industrial Enterprises of the People's Republic of China (for trial implementation)
 - (5) The Land Administration Law of the People's Republic of China
 - (6) The Gross Land Law of the People's Republic of China
 - (7) Mineral Resources Law of the People's Republic of China
 - (8) The Law of the People's Republic of China on Food Hygiene (for trial implementation)
 - (9) The Law of the People's Republic of China on Pharmacy Administration
 - (10) The Law of the People's Republic of China on Maritime Traffic Safety
 - (11) The Statistics Law of the People's Republic of China
 - (12) The Accounting Law of the People's Republic of China

*Texts Nos. 2-12 only available in Chinese.

2. Main Existing Legislation Concerning Foreign Economic Relation and Trade

Foreign Trade

- (1) Interim Procedures of the State Import-Export Commission and the Ministry of Foreign Trade of the People's Republic of China Concerning the System for Export Licensing
- (2) Interim Regulations on Licensing System for Import Commodities of the People's Republic of China
- (3) Detailed Rules for the Implementation of the Interim Regulations in Licensing System for Import Commodities of the People's Republic of China

Customs and Taxation

- (1) Provisional Law of the People's Republic of China on Customs
- (2) Regulations on Import and Export Duties of the People's Republic of China
- (3) Customs Import and Export Tariff of the People's Republic of China
- (4) Provisional Procedures of the Customs of the People's Republic of China for Vessel Tonnage Dues
- (5) Procedures of the Customs of the Supervision of International Sailing Vessel and the Goods on Board
- (6) Procedures of the Customs of the People's Republic of China for the supervision of Railway Trains Passing the Borders and the Goods, Luggage and Parcels Carried Thereby
- (7) Procedures of the Customs of the People's Republic of China for the Supervision of International Civil Aircraft
- (8) Trial Procedures of the Customs of the People's Republic of China for the Supervision of Motor Vehicles Passing the Border and Goods Conveyed Thereby
- (9) Regulations of the General Administration of Customs, the Ministry of Finance and the Ministry of Foreign Economic Relations and Trade Concerning the Supervision and Control over, and the levying and Exemption of Duties on Imports and Exports of Chinese-Foreign Joint Ventures
- (10) Regulations of the General Administration of Customs, the Ministry of Finance and the Ministry of Foreign Economic Relations and Trade Concerning the Supervision and Control over, and the Levying and Exemption of Duties on Imports and Exports for Chinese-Foreign Contractual Joint Ventures.
- (11) Provisions of the Ministry of Finance for the Collection and Refund of Product Tax and Value-Added Tax on Import and Export Products

Inspection and Quarantine

- (1) Regulations on the Inspection of Import and Export Commodities of the People's Republic of China
- (2) Detailed Rules for the Implementation of the Regulations on the Inspection of Import and Export Commodities of the People's Republic of China

Supplement: List of Commodities Subject to Inspection by the State Administration of Import and Export Commodity Inspection of the People's Republic of China

- (3) Import and Export Animal and Plant Quarantine Regulations of the People's Republic of China

Appendix (i) List of Animal Quarantine Objects of the People's Republic of China

Appendix (ii) List of Plant Quarantine Objects of the People's Republic of China

- (4) The Law of the People's Republic of China on Frontier Health and Quarantine

Foreign Exchange

- (1) Provisional Regulations for Exchange Control of the People's Republic of China
- (2) Detailed Rules and Regulations for the Implementation of Penalty for Violation of Exchange Control Regulations
- (3) Rules for the Implementation of Foreign Exchange Control Relating to Foreign Representations in China and Their Personnel
- (4) Rules Governing the Carrying of Foreign Exchange, Precious Metals and Payment Instruments in Convertible Currency Into or Out of China
- (5) Rules for the Implementation of Exchange Control Regulations Relating to Enterprises with Overseas Chinese Capital, Enterprises with Foreign Capital and Chinese-Foreign Joint Ventures

Investment

- (1) The Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment
- (2) Regulations for the Implementation of the Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment
- (3) The Income Tax Law of the People's Republic of China Concerning Joint Ventures with Chinese and Foreign Investment
- (4) The Income Tax Law of the People's Republic of China Concerning Foreign Enterprises
- (5) The Law of the People's Republic of China Concerning Enterprises with Sole Foreign Investment
- (6) Regulations of the State Council of the People's Republic of China Concerning Encouragement of Foreign Investment
- (7) Law on Foreign Economic Contracts of the People's Republic of China
- (8) Interim Provisions of the Ministry of Finance of the People's Republic of China for Collection of Industrial and Commercial Consolidated Tax and Business Income Tax from Resident Representative Offices of Foreign Enterprises
- (9) Provisional Regulations Governing Administration of Corporation Registration

Intellectual Property

- (1) Trademark Law of the People's Republic of China
- (2) Patent Law of the People's Republic of China
- (3) Interim Regulations on Applications for Prior Registration of Trademark in China
- (4) Regulations on Administration of Technology Import Contracts of the People's Republic of China
- (5) Procedures for Examination and Approval of Technology Import Contracts

Special Economic Zones

- (1) Regulations of the People's Republic of China on Special Economic Zones in Guangdong Province
- (2) Rules of Shenzhen SEZ Concerning External Economic Contracts
- (3) Provisional Rules of Shenzhen SEZ on Import of Technology
- (4) Detailed Rules for the Implementation of Registration and Administration of Enterprises in Shenzhen SEZ
- (5) Interim Regulations of the State Council of the People's Republic of China Concerning Reduction and Exemption of Enterprises Income Tax and Consolidated Industrial and Commercial Tax for the Special Economic Zones and the 14 Coastal Port Cities
- (6) Regulations Governing Foreign Banks and Joint Chinese-Foreign Banks in Special Economic Zones of the People's Republic of China

Transportation

- (1) The Business Regulations of China Ocean Shipping Agency
- (2) Charges and Rates of China Ocean Shipping Agency
- (3) Regulations Governing Supervision and Control of Foreign Vessels by the People's Republic of China
- (4) Regulations Governing Supervision and Control of Vessels of Foreign Registry Sailing in the Yangtze River Issued by the People's Republic of China
- (5) Regulations for Taxation on the Transportation Income of Vessels of Foreign Registry

Arbitration

- (1) Provisional Rules of Procedure of the Foreign Trade Arbitration Commission of the China Council for the Promotion of International Trade
- (2) Provisional Rules of Procedure of the Maritime Arbitration Commission of the China Council for the Promotion of International Trade
- (3) Provisional Rules for General Average Adjustment of the China Council for the Promotion of International Trade
- (4) Regulations of the People's Republic of China on the Arbitration of Disputes over Economic Contracts

VI. A LIST OF INTERNATIONAL TREATIES RATIFIED, APPROVED, ACCEDED,
ACCEPTED OR RECOGNIZED BY THE PEOPLE'S REPUBLIC OF CHINA

(In Order of Date of Conclusion)

1. Convention for the Protection of Industrial Property
2. Convention concernant la création d'une Union internationale pour la publication des tarifs douaniers
3. Convention Concerning the Marking of the Weight on Heavy Packages Transported by Vessels
4. Convention for the Unification of Certain Rules Relating to International Carriage by Air
5. Statute of the International Institute for the Unification of Private Law
6. Articles of Agreement of the International Monetary Fund
7. Agreement of the International Civil Aviation
8. Agreement of the International Bank for Reconstruction and Development
9. Constitution of Food and Agriculture Organization of the United Nations
10. Convention on the International Maritime Organization
11. Convention Establishing a Customs Co-operation Council
12. Protocol to amend the Convention for the Unification of Certain Rules Relating to International Carriage by Air Signed at Warsaw on 12 October, 1929
13. Convention instituant une organisation internationale de Métrologie légale
14. Agreement of the International Development Association
15. Agreement of the International Finance corporation
16. Agreement Establishing the African Development Bank
17. Agreement Establishing the Asian Development Bank
18. International Load Line Convention

19. Convention on the International Hydrographic Organization
20. Convention Establishing the World Intellectual Property Organization
21. International Convention on Tonnage Measurement of Ships
22. International Convention on Civil Liability for Oil Pollution Damage
23. 1971 Amendments to the International Load Line Convention
24. International Regulations for Preventing Collisions at Sea
25. Agreement Establishing the African Development Fund
26. International Convention for Safe Containers
27. Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matters
28. Convention on a Code of Conduct for Liner Conferences
29. 1974 Amendments to the Convention on the International Maritime Organization
30. 1975 Amendments to the Convention on the International Maritime Organization
31. 1975 Amendments to the International Load Line Convention
32. Agreement Establishing the International Fund for Agricultural Development
33. Agreement Establishing the Asian Reinsurance Corporation
34. 1977 Amendments to the Convention on the International Maritime Organization
35. Protocol of 1978 Relating to the International Convention for the Prevention of Pollution from Ships, 1973
36. Constitution of the United Nations Industrial Development Organization
37. International Convention on Maritime Search and Rescue
38. International Natural Rubber Agreement

39. 1979 Amendments to the Convention on the International Maritime Organization
40. 1979 Amendments to the International Load Line Convention
41. United Nations Convention on Contracts for the International Sale of Goods
42. Agreement Establishing the Common Fund for Commodities
43. Charter of the Asian and Pacific Development Centre
44. International Agreement on Jute and Jute Products
45. United Nations Convention on the Law of the Sea
46. International Tropical Timber Agreement, 1983
47. Arrangement Establishing the International Textiles and Clothing Bureau

- VII. LIST OF COMMODITIES REQUIRING IMPORT LICENSES IN CHINA
- VIII. LIST OF COMMODITIES REQUIRING EXPORT LICENSES IN CHINA
- IX. CHINA'S FOREIGN TRADE BY DIFFERENT CATEGORIES OF COUNTRY AND REGION (1983-1985)
- X. DIRECTION OF CHINA'S FOREIGN TRADE (1983-1985)
- XI. COUNTRIES THAT HAVE SIGNED BILATERAL TRADE AGREEMENTS WITH CHINA
- XII. CHINA'S BALANCE OF PAYMENTS IN THE 1982-1984 PERIOD
- XIII. LIST OF ARTICLES PROHIBITED FROM IMPORT AND EXPORT BY CUSTOMS OF THE PEOPLE'S REPUBLIC OF CHINA
- XIV. EXPORT TARIFF SCHEDULE