



FTA PROMOTION

—Practices of China customs

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Office of Rules of Origin

General Administration of Customs, China

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Contents

ROO Administration in China

Research of FTA Utilization

China's Approaches to Promote FTA Utilization

New Challenges Confronted by China Customs



PART ONE

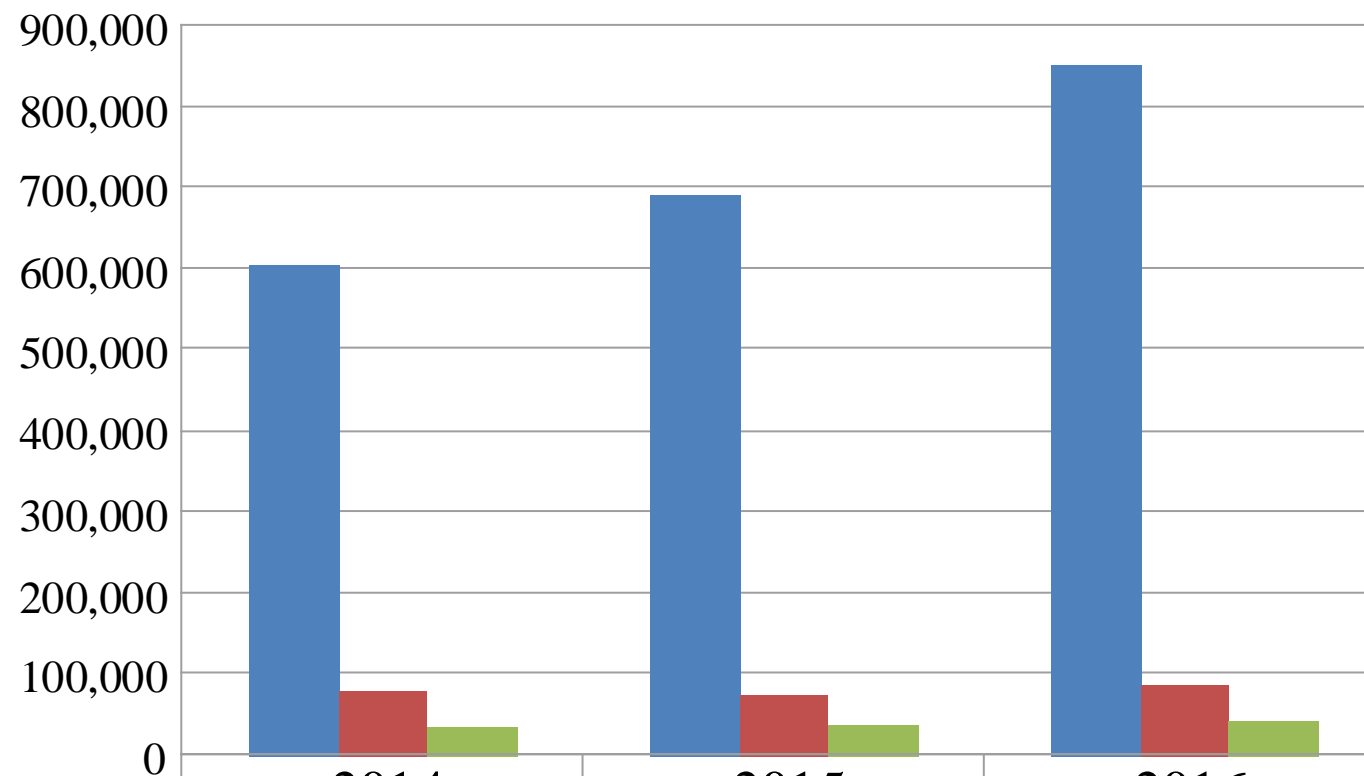
China's FTA Strategy and ROO Administration




FTAs/PTAs in China

	Implemented	Negotiating	Feasibility Study
ASIA	China-ASEAN FTA China-Pakistan FTA China-Singapore FTA APTA (PTA) HK / Macao CEPA ECFA Zero Tariff Treatment to Agricultural Products of Taiwan China- Korea FTA	Regional Comprehensive Economic Relationship(RCEP) China-Singapore FTA(updated) China-GCC FTA China-Japan-Korea FTA China-Sri Lanka FTA China-Pakistan FTA(second stage) China-Maldives FTA China-Georgia FTA China-Isreal FTA	China-India FTA China-Nepal FTA
AMERICA	China-Chile FTA China-Peru FTA China-Costa Rica FTA		China-Columbia FTA China-Canada FTA
OCEANIA	China-New Zealand FTA China-Australia FTA	China-New Zealand FTA (updated)	China-Fiji FTA
EUROPE	China-Switzerland FTA China-Iceland FTA	China-Switzerland FTA (updated) China-Norway FTA	China-Moldova FTA
AFRICA	SPT for LDCs		China-Mauritius FTA



Statistics on Preferential Imports



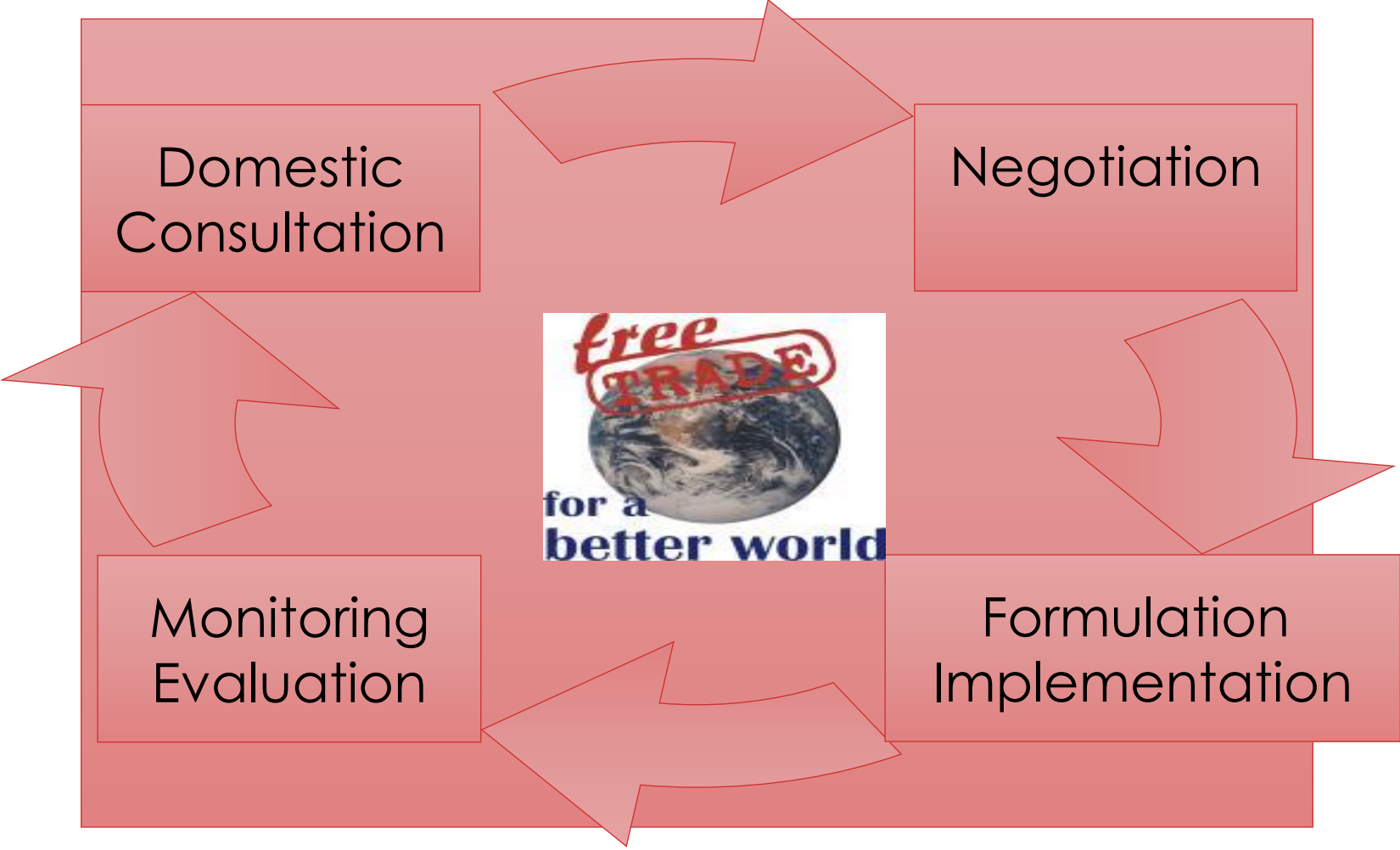
	2014	2015	2016
 C/O ACCEPTED	605247	690560	849634
 VALUE OF IMPORTS (\$MILLION)	77888	74743	86345
 VALUE OF TARIFF PREFERENCE GRANTED (¥ MILLION)	33364	36667	42237



Implementation of SPT Treatment (2010-2015)

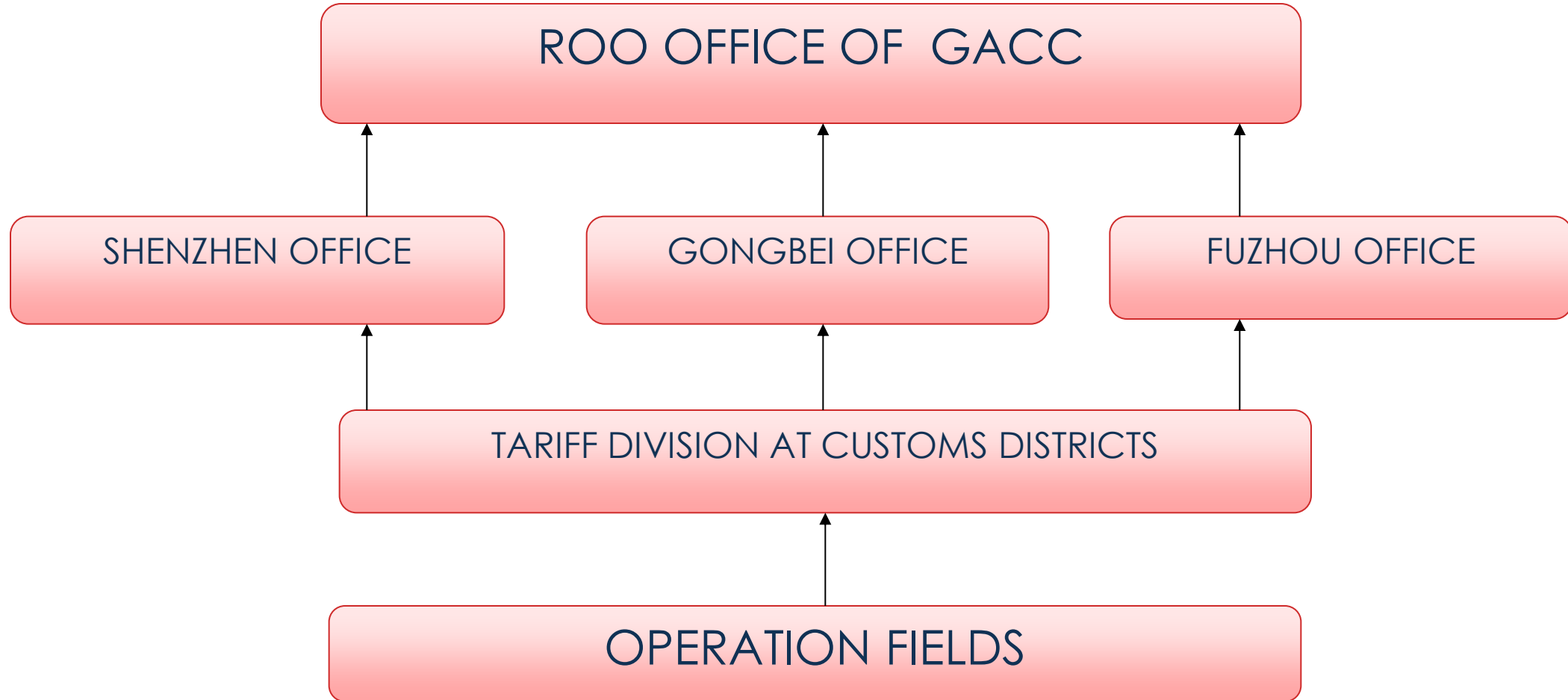
Country	Value of Goods (USD)	Customs Duty Exempted (RMB)	Major Commodities
Ethiopia	1724 million	1078 million	Sesame, sheep leather
Tanzania	714 million	429 million	sesame , waste and scrap of plastics
Uganda	304 million	178 million	sesame , cowhide
Malawi	2.3 million	1.8 million	sheep leather, cowhide
Rwanda	670 thousand	450 thousand	Garment, cowhide

FUNCTIONS OF CHINA CUSTOMS IN ROO ADMINISTRATION





Infrastructure of China Customs in ROO Administration





PART TWO

Research of FTA Utilization



Exchange of
Implementaion
Statistics

Formula of
Calculation

Factors
affecting FTA
utilization

Research of FTA Utilization



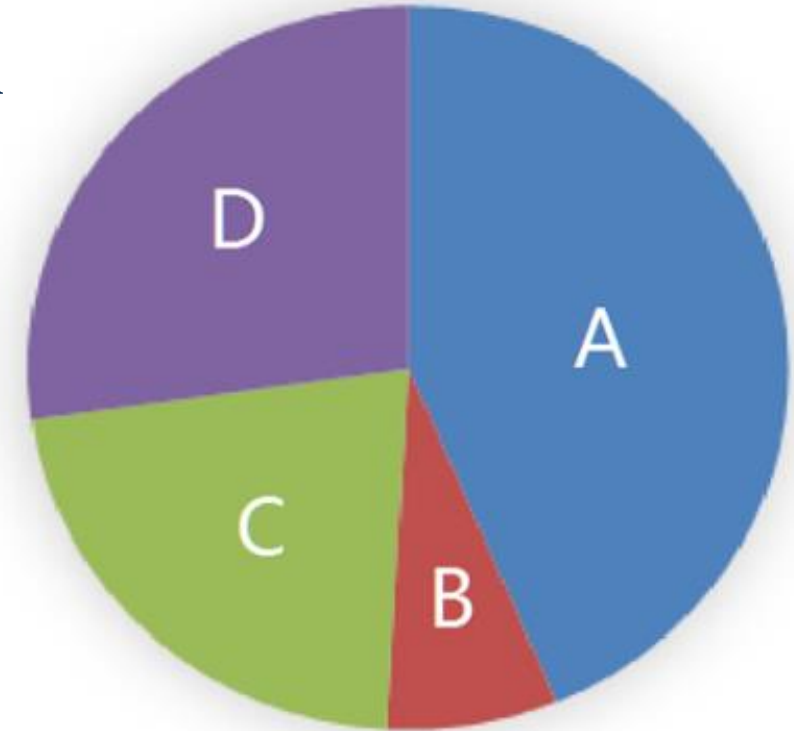
Formula of Calculation

- A: MFN=0 C:MFN>FTA, using MFN
- B: MFN=FTA>0 D: MFN>FTA, using FTA

➤ Usage Rate =
$$\frac{VD}{VA+VB+VC+VD}$$

➤ Utility Rate =
$$\frac{VD}{VB+VC+VD}$$

➤ Utilization Rate =
$$\frac{VD}{VC+VD}$$





Importing
Customs

Exporting
Customs

Authorized
Bodies

Keep Track!

Implementation Statistics





Statistics Exchange Mechanism

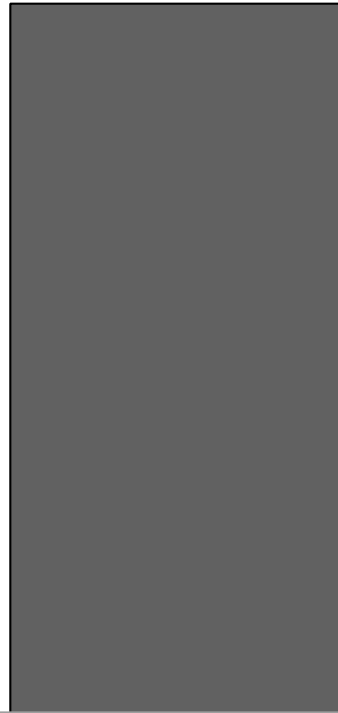
Exchange FTA trade data (import value, tariff preference granted, import utilization rate etc.) at regular intervals

Exchange through designated contact points



Average Import UR of 14 FTA/PTAs

49%



year 2015

66%



year 2016



UR of 14 FTA/PTAs

	Brought into force	Import UR	Export UR
China-Chile FTA	October 1, 2006	96%	--
China-Pakistan FTA	January 1, 2006	95 %	--
China-New Zealand FTA	October 1, 2008	94%	--
China-Peru FTA	March 1, 2010	93%	--
China-Australia FTA	December 20, 2015	86%	86%
ECFA	January 1, 2011	84%	44%
China-ASEAN FTA	January 1, 2004	81%	--
China-Iceland FTA	July 1, 2014	81%	--
China-Singapore FTA	October 24, 2011	60%	--
China-Switzerland FTA	July 1, 2014	51%	30%
Hong Kong CEPA	January 1, 2004	45 %	--
China-Korea FTA	December 20, 2015	41%(with APTA)	43%
Macao CEPA	January 1, 2004	18%	--
China-Costa Rica FTA	August 1, 2011	7%	--



Example

HS Code	Tariff Preference Coverage rate	Utilization rate
HS01 HS -05	20.34%	78.05%
HS 06- HS 14	69.70%	52.23%
HS 15	92.78%	23.72%
HS 16- HS 24	78.92%	66.38%
HS 25- HS 27	97.28%	70.65%
HS 28- HS 38	59.99%	81.74%
HS 39- HS 40	98.03%	59.38%
HS 41- HS 43	100.00%	45.96%
HS 44- HS 46	99.89%	53.84%
HS 47- HS 49	98.20%	52.10%
HS 50- HS 63	99.96%	28.63%
HS 64- HS 67	95.48%	34.95%
HS 68- HS 70	99.44%	49.06%
HS 71	100.00%	18.65%
HS 72-- HS 83	99.11%	52.47%
HS 84-- HS 85	78.31%	52.44%
HS 86-- HS 89	94.37%	59.94%
HS 90-- HS 92	97.18%	57.30%
HS 93	99.80%	9.81%
HS 94-- HS 96	90.71%	47.32%



Factors affecting FTA Utilization Rate

- Tariff Preference
- Policy Promotion



- Trade Facilitation
- Cost



- Non-tariff Barrier
- Rules of Origin



PART Three

China's Approaches to Promote FTA Utilization



Promotion of FTA Utilization

1

Electronic Origin Data Exchange System

2

Direct consignment requirements

3

Origin self-declaration

4

FTA publicity

5

Customs clearance coordination

6

Certification system for LDC countries



Electronic Origin Data Exchange System

2004.1.1

Preferential Origin Certificates Online Verification System under HK/Macao CEPA

2014.4.1

Electronic Origin Data Exchange System between Mainland and Taiwan Customs

2014.7.1

Origin Declaration Data Exchange System under China-Switzerland FTA

2016.7.1

Electronic Origin Data Exchange System between China-Korea FTA

2016.12.20

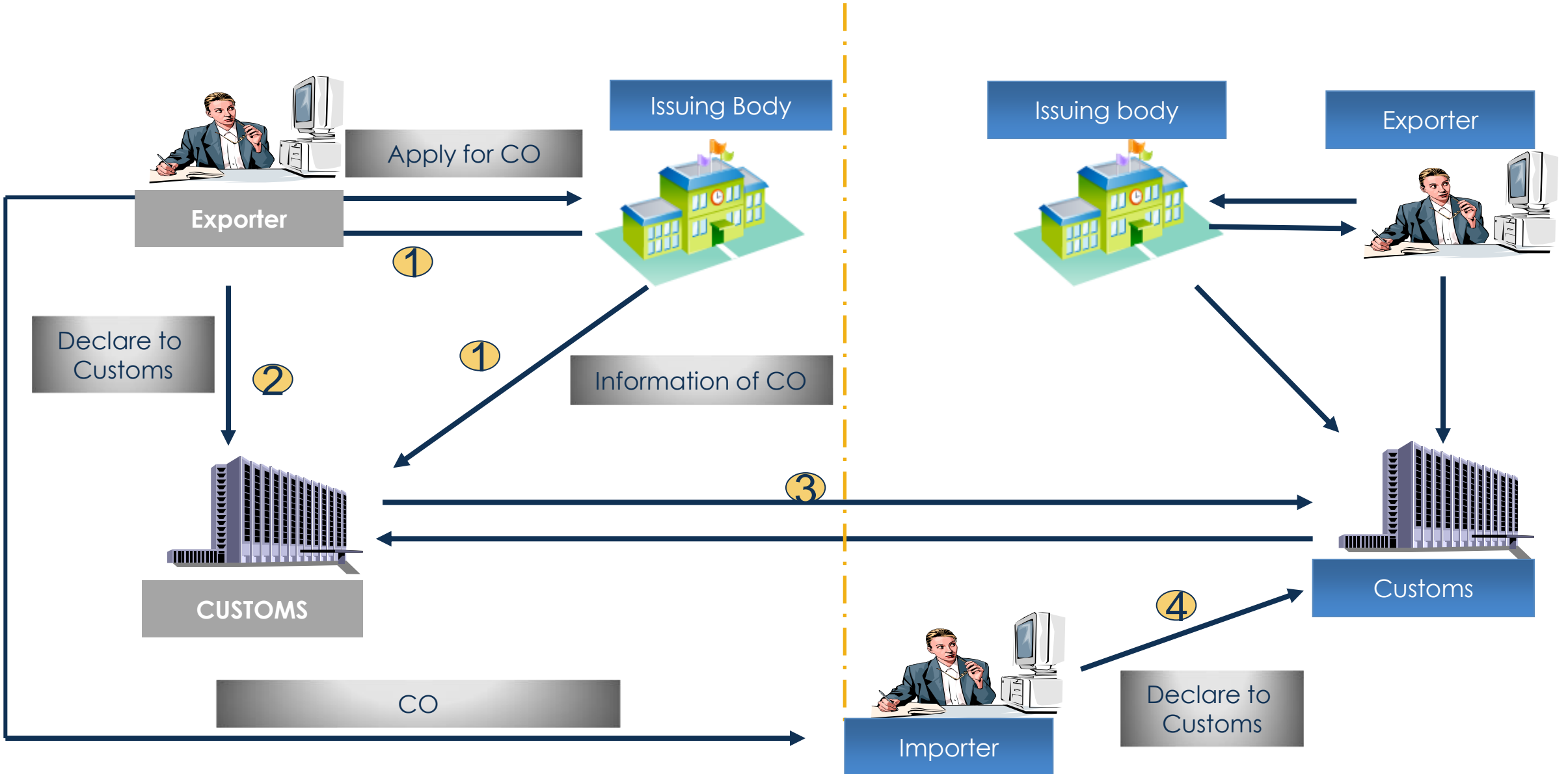
Electronic Origin Data Exchange System between China-New Zealand FTA

Under Construction

China-Pakistan FTA; China-Chile FTA;
China-Singapore FTA ...

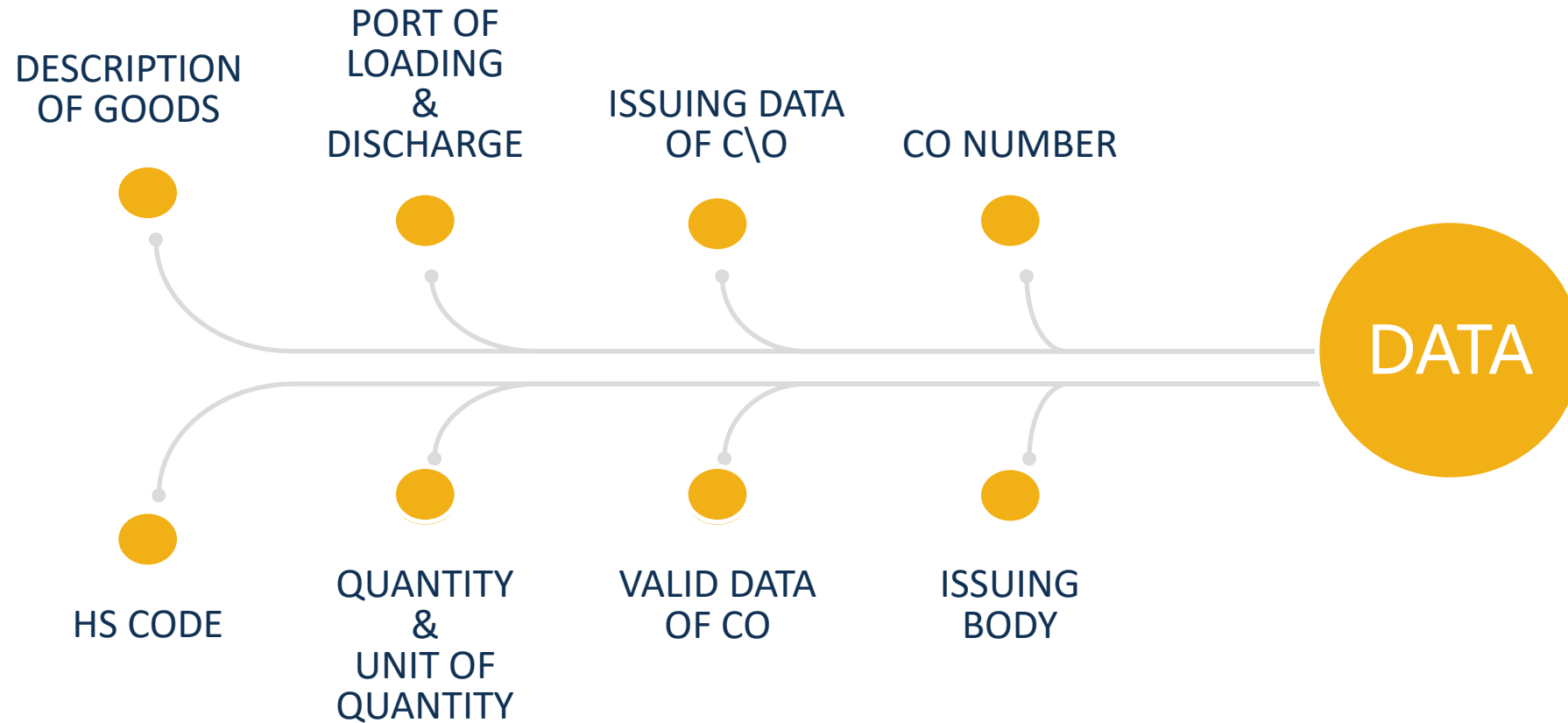


Electronic Origin Data Exchange System



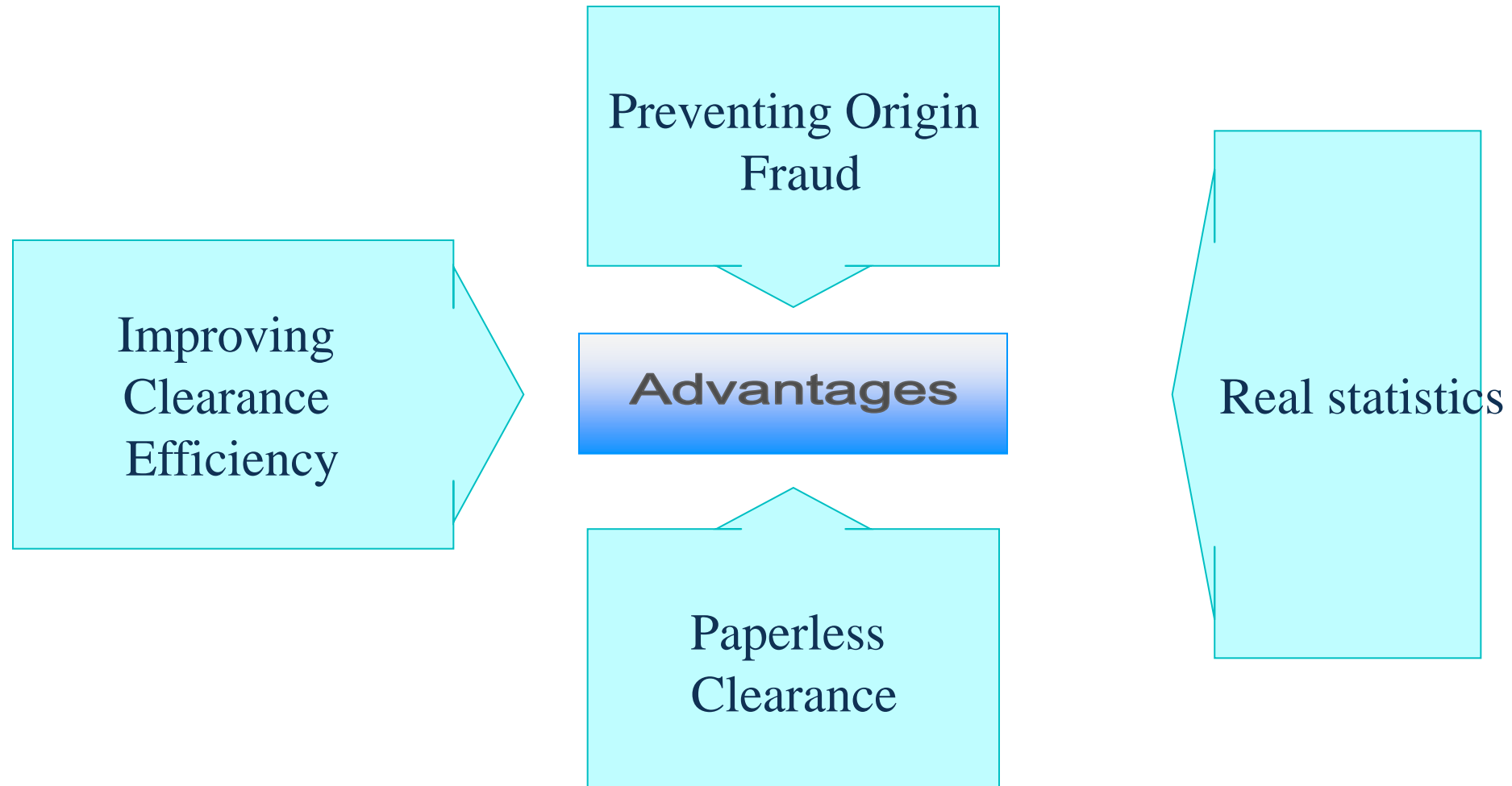


Transmission of Electronic Origin Data between Customs (CO)





Advantages of Electronic Origin Data Exchange





Simplify Direct Consignment Requirements

No. 57 Announcement issued in 2015
No. 52 Announcement issued in 2016

AIRFREIGHT or
SHIPPING GOODS



one or more
non-FTA
member states



Airfreight or Shipping Goods

**For Container Cargos covered by EODES
FTA**

CHINA





Promote origin Self-declaration

*Origin Declaration by Approved
Exporter*



MODEL
1

*Origin Declaration by Advance
Rulings*



MODEL
2



FTA preferential policy
information session

Media publicity
(newspaper / news report)

On-site Policy Promotion

FTA Publicity



Customs clearance coordination

- Customs clearance Coordination Mechanism between FTA partners
- Information collection from importers and exporters
- Real time communication



Certification System for LDC countries

Two models

Certifying authorities of LDC countries can use this system to issue COs directly. CO data are kept in the server and China Customs can query in real-time.

Certifying authorities can print out blank CO form (with unique serial number, security watermark and can only be printed once) by using the system, and fill them by handwriting.



PART FOUR

Challenges Confronted



Issues and Challenges

Increasing Complexity
“Spaghetti Bowl”
Effect

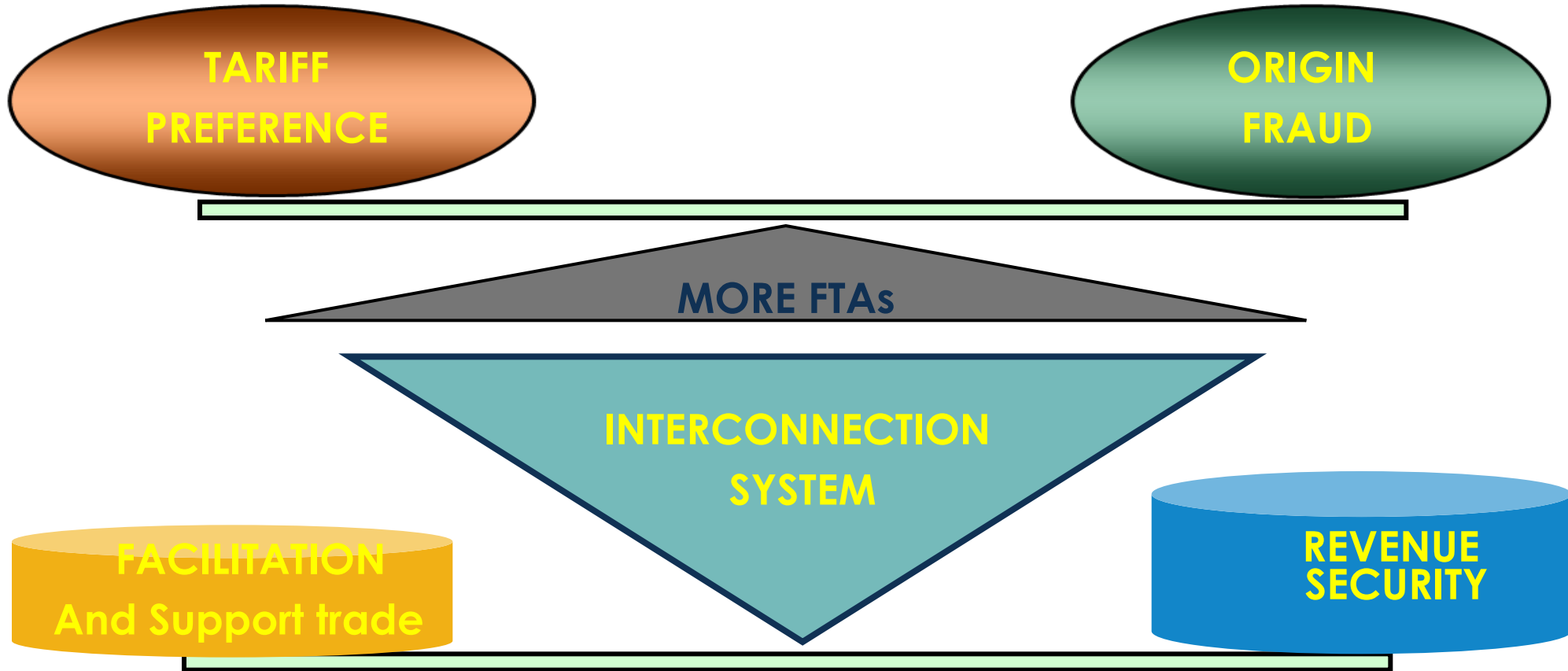
Striking a balance
between facilitating free
trade and avoiding free-
riding of FTA preference

Measuring FTA
Utilization rate





Facilitating Free Trade VS. Avoiding Free-riding



Interconnection system will be further applied to goods under other FTAs

THANK YOU!

Questions ?

