

IMPORT-EXPORT PROCEDURES AND PROCESS IN THE PEOPLE'S REPUBLIC OF CHINA

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*ARTNeT Trade Facilitation Research Team Meeting on Improving
Regional Trade Procedures and Processes, 4-6 October 2010*

Kuala Lumpur, Malaysia



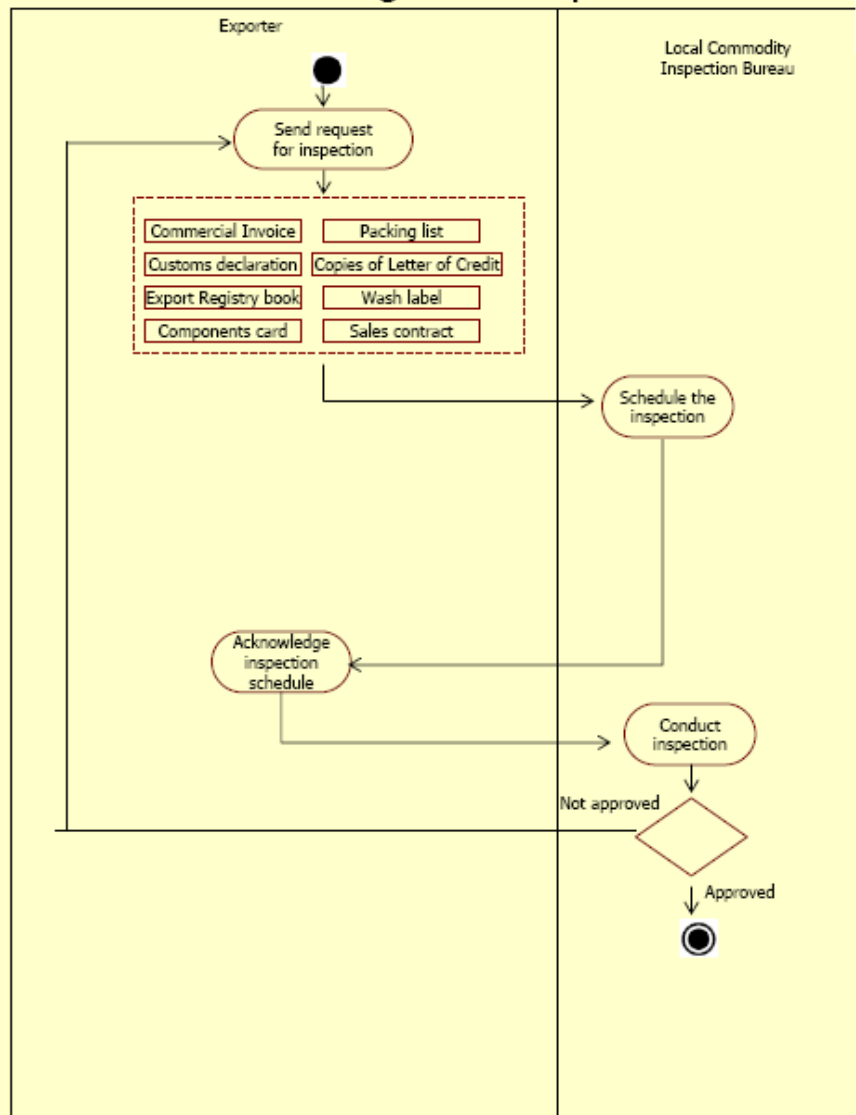
Case Studies

CHINA'S	JAPAN	THAILAND
EXPORTS TO	GARMENTS (Company X)	ELECTRONIC PRODUCTS (Company M)
IMPORTS FROM	TEXTILE (Company X) AUTO PARTS (Company P)	

HOW IMPORTANT ARE JAPAN AND THAILAND?

CHINA'S	JAPAN	THAILAND
EXPORTS TO	15% of Total Garment Imports	0.9% of Total Electronic Exports
IMPORTS FROM	15% of Total Textile Imports 37% of Total Auto Parts Imports	

2.2 Arrange the inspection



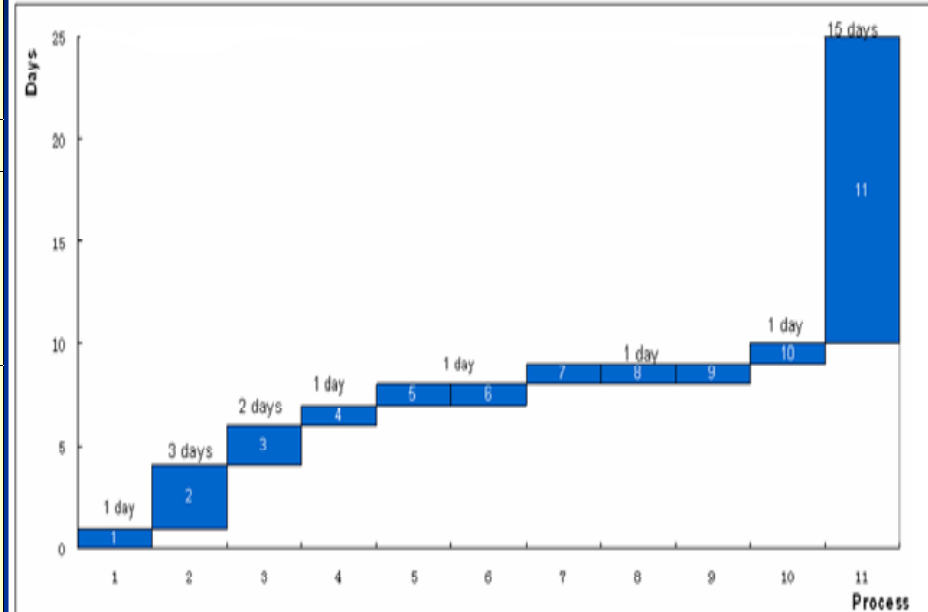
Company X: Garments Exports to Japan

3. Arrange for Inspection: Company X now needs to request for an inspection of its garments by the local Entry-Exit Inspection and Quarantine Bureau (or Commercial Inspection Bureau). The inspection focuses on issues like quality, safety, toxicity of goods etc. Eight documents needs to be provided, following which an inspection schedule is confirmed. Among the documents is a customs declaration form that is downloaded online which must be filled up by Company X (or the customs broker based on the information provided by the company). The approval of the customs declaration form is also done online. This must then be printed for the inspection. The export registry book (or referred to as the blue book) records all input that has been imported and utilized for the manufacture of the export shipment. Since the importation of input for export purposes is duty free, the company needs to show that all imported input has been utilized to produce final goods for export. Any surplus in imported inputs would either be charged the prevailing duty or confiscated by the customs department at the end of the specified period. The components card comprises of a sample of all input (fabric, buttons, zippers etc) that has been used in the manufacture of the exported shipment. A copy of the Letter of Credit (LC) is also provided if the nature of payment is through an LC. For orders from long term clients, telegraphic transfers could also be used. This may take up to 2 days, although the inspection itself is done within half a day. The inspection is done randomly (i.e. there are times when approval is given without inspection) and a fee of 0.15% of total goods value is charged. A certificate of commodity inspection is issued and the customs declaration form is stamped by the local inspection bureau.

Company X: Garments Exports to Japan

Major Steps	Documents	Actors	Days
Buy	<ul style="list-style-type: none"> Sales contract 	<ul style="list-style-type: none"> Importer and Exporter 	1
Arrange transport	<ul style="list-style-type: none"> Shipping Order 	<ul style="list-style-type: none"> Exporter Shipping Company Customs Broker (报关行) 	3
Arrange Inspection	<ul style="list-style-type: none"> Commercial Invoice Customs declaration Export Register Book Components card Packing List Letter of Credit Wash label Sales Contract 	<ul style="list-style-type: none"> Exporter Commodity Inspection Bureau(进出口商品检验局) 	2
Obtain cargo insurance	<ul style="list-style-type: none"> Commercial Invoice 	<ul style="list-style-type: none"> Exporter Insurance Company 	1
Collect empty containers from yard	<ul style="list-style-type: none"> Shipping Order 	<ul style="list-style-type: none"> Exporter Shipping Company, Transportation company Customs Broker 	1
Stuff containers	<ul style="list-style-type: none"> Packing List 	<ul style="list-style-type: none"> Exporter Transportation company 	
Transfer to port of departure	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Transportation company Shipping Company 	
Clear goods through customs	<ul style="list-style-type: none"> Commercial Invoice Exporter Register Book Customs declaration Certificate of commodity inspection Packing List Declaration Certificate of Entrustment 	<ul style="list-style-type: none"> Customs Broker Shipping Company Customs Department 	1
Handle containers and stow on vessel	<ul style="list-style-type: none"> Dock Receipt Bill of Lading 	<ul style="list-style-type: none"> Customs Department Customs Broker Shipping company Port Authority (港务局) 	
Prepare documents for importer	<ul style="list-style-type: none"> Commercial Invoice Bill of Lading Goods Inspection Result 	<ul style="list-style-type: none"> Exporter 	1
Pay	<ul style="list-style-type: none"> Bill of Lading Packing List Letter of Credit 	<ul style="list-style-type: none"> Exporter Importer Exporter's bank Importer's bank 	15

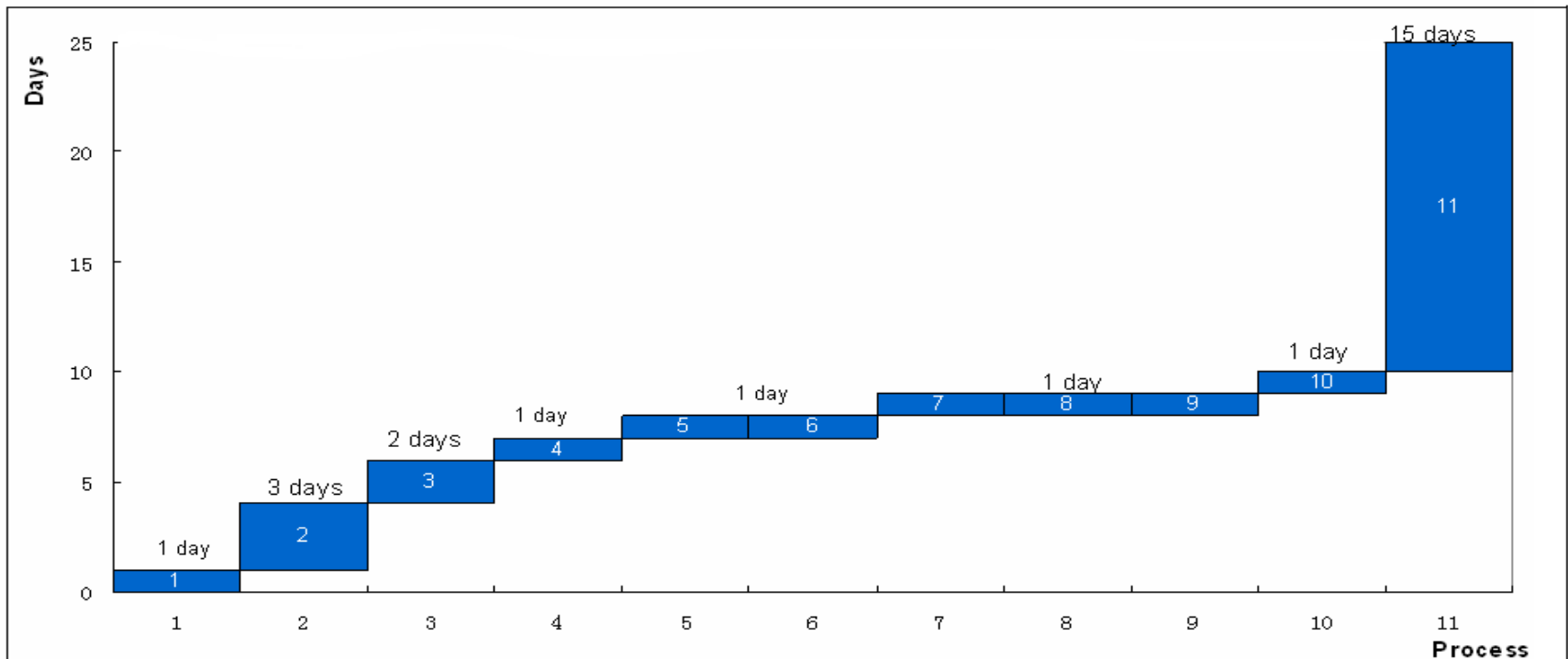
The Time-Procedure Chart of Garments from China



- | | |
|---------------------------------------|--|
| 1. Buy | 7. Transfer to port of departure |
| 2. Arrange transport | 8. Clear goods through customs |
| 3. Arrange inspection | 9. Handle containers and stow on vessel |
| 4. Obtain cargo insurance | 10. Prepare documents required by importer |
| 5. Collect empty containers from yard | 11. Pay |
| 6. Stuff a container | |

Exporting Garments to Japan: 9 days

The Time-Procedure Chart of Garments from China

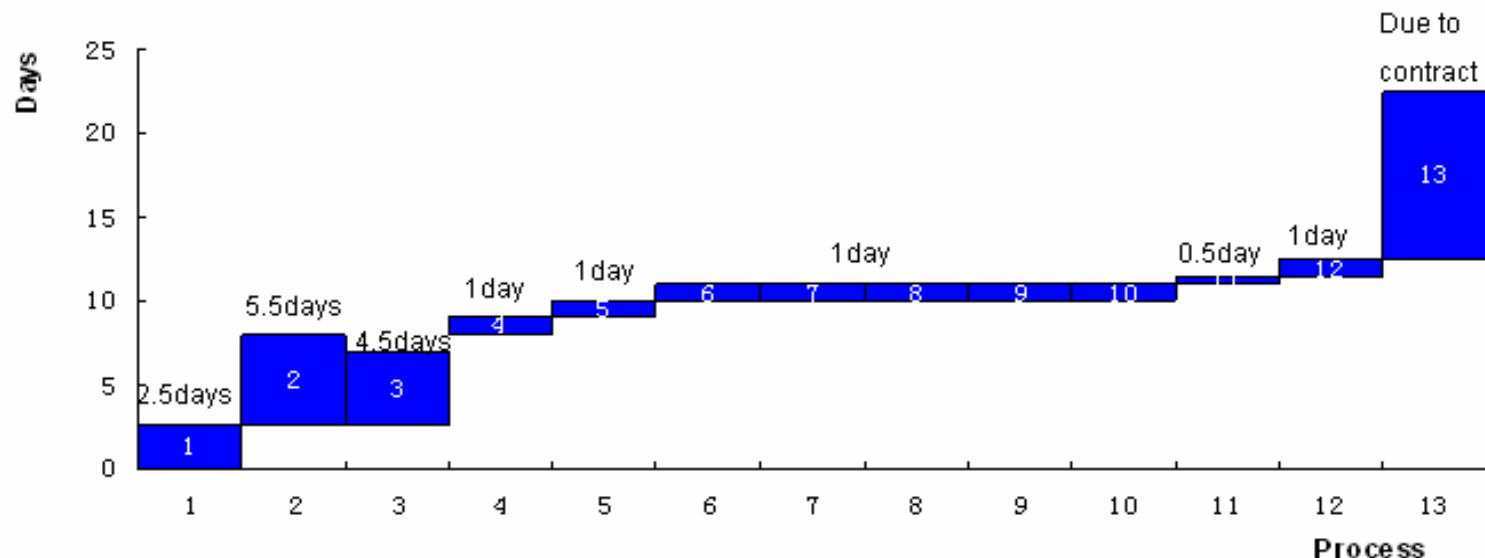


1. Buy
2. Arrange transport
3. Arrange inspection
4. Obtain cargo insurance
5. Collect empty containers from yard
6. Stuff a container

7. Transfer to port of departure
8. Clear goods through customs
9. Handle containers and stow on vessel
10. Prepare documents required by importer
11. Pay

Exporting Electronics to Thailand: 10 days

The Time-Procedure Chart of Electronic Appliances
from China

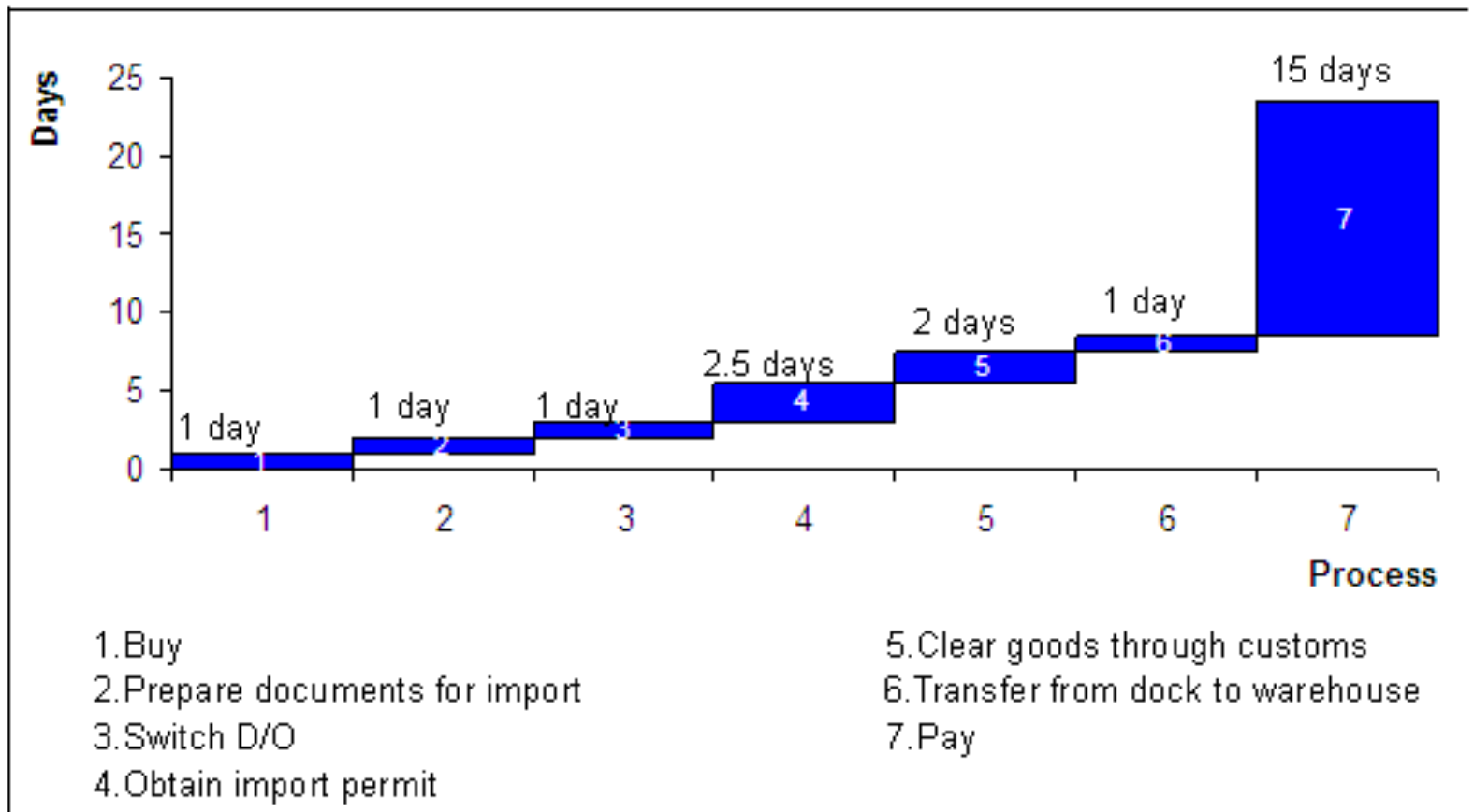


1. Buy
2. Obtain export permit
3. Arrange transport
4. Arrange inspection
5. Prepare customs declaration
6. Collect empty containers from yard
7. Stuff a container

8. Transport to port of departure
9. Clear goods through customs
10. Handle containers and stow on vessel
11. Obtain cargo insurance
12. Prepare documents required by importer
13. Pay

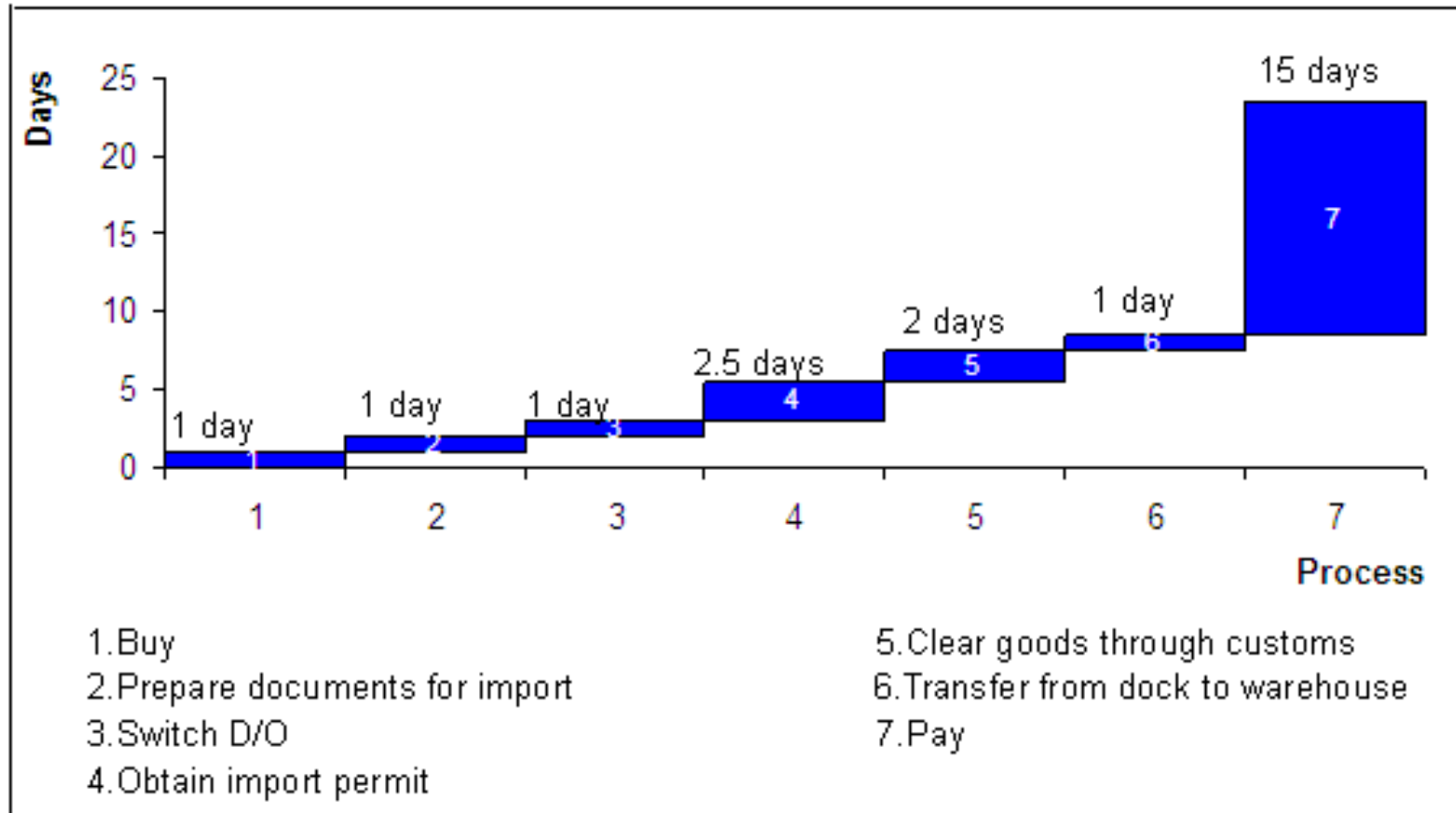
Importing Textile from Japan: 7.5 days

The Time- Procedure Chart of Textile
Import from Japan



Importing Auto parts from Japan: 7.5 days

The Time-Procedure Chart of Auto Parts Import from Japan



Comparison with WB

Export			
	Days	Cost(\$, per container)	No. of Documents
Company X	9	294~442	14
Company M	10	300~450	16
WVB doing business 2010	21	500	7
Import			
	Days	Cost	No. of Documents
Company X	7.5	368~442	12
Company P	7.5	294~442	12
WVB doing business 2010	24	545	5

Variation due to several reasons:

- Long term relationships with buyers/sellers. They are familiar with the process and so may be able to clear the obstacles involved in the process in a shorter period of time.
- The WB study might have only considered the number of documents handled by the freight forwarder. We include those documents that are handled by the buyer/seller as well.
- All our respondents use freight forwarders/customs brokers. These entities are able to speed up the process of customs clearance because of the close connections and/or experience they have with the government agencies.

SOME CONCLUSIONS

- The customs procedures continue to be a black box in the trade facilitation process
- To avoid disruptions, customs brokers/freight forwarders are employed to handle customs clearance issues.
- Customs clearance continue to be people based rather than system based