

WTO BOUND RATES / APPLIED RATES COUNTRY FICHE

CHINA

1. General remarks

China made several tariff offers in the context of its WTO accession negotiations. The latest offer was made in April 1998. Over the last years, China has gradually improved its tariff offers to the EU. As far as textile and clothing is concerned the Community has requested China in the framework of the WTO accession that China sharply reduce and bind its applied tariffs for textiles and clothing (0% for raw materials, 5% for yarns and fibres, 10% for fabrics and 17.5% for apparel) as a basis for negotiation.

2. Preliminary conclusions

China's average tariffs for both applied and offered rates are very high. Nearly all rates offered to bind at WTO exceed a 30 % threshold. On almost 400 tariff lines China levies duties of more than 30 %.

In addition to these tariff barriers the Chinese market is difficult to penetrate due to other non-tariff barriers.

The business activities of all enterprises involved in foreign trade are under the policy guidance of the Ministry of Foreign Trade and Economic Co-operation (MOFTEC). Only enterprises authorised by MOFTEC can engage in foreign trade. Imports and exports of textile and clothing products are still managed and controlled by State agencies, which enjoy a trade monopoly. Import of textiles products can only be made through a Government appointed Foreign Trade Company (FTC), controlled by MOFTEC. In many cases, only FTC which are also producers of similar products are allowed to import. Only specified Chinese companies are able to act as trading companies, make use of quotas, or apply for import licenses. The foreign trading monopoly has only gradually been weakened as the number of (still exclusively Chinese) corporations allowed to engage in foreign trade has been increased from the original 14 in 1979 to over 8.800 today. Individuals do not yet have the right to engage in direct import/export trade and foreign companies cannot establish branches in China to sell their range of products.

Import licensing

Most textile products are subject to compulsory prior licensing. The import licensing system is managed by MOFTEC. These licensing requirements affect all EU exports. The Hong Kong administrative region also maintains an import licensing system for textile products. This system was notified to the WTO Committee of Import licensing

in October 1998. It covers the importation of all textile products and applies to textiles coming from all territories. It is meant to be a surveillance system and is not intended to restrict the quantity of imports. Chinese authorities still implement quantitative restrictions affecting the import of more than 40 tariff lines. These include unprocessed wool products (9), cotton products (2) and synthetic yarns (30).

Inspection

A pre-shipment inspection is required for some products. The China Commodity Inspection Bureau must carry out the inspection.

Customs valuation

The valuation of goods is based on the invoice price. However, Customs can challenge the price indicated. An unofficial reference price list is regularly updated. Customs may also re-evaluate the price of goods using the estimation of the Chamber of Commerce.

Duties and other charges

- VAT (17%) is collected on imported goods (CIF value plus customs duties).
- imported goods are also subject to an "import surcharge" equivalent to 1% of CIF value.
- a "harbour tax" is collected (4 Yuans per ton or 50 Yuans per container).

Quality and conformity controls

Discriminatory technical requirements and commodity assessment on the conformity of these requirements. The State administration of Import and Export Commodities inspections (SACI) is in charge of the inspection of the imported goods.

Certification / Mutual recognition

In this respect, authority traditionally lies with various agencies outside customs.

Marking, labelling, packaging requirements

Since 1995, labelling and marking must be made in Chinese language.

3. Comparison applied/ tariff rates offered in WTO

Averages per chapter

	Average chapters 50-63 (textiles & clothing)	Average chapters 50-60 (textiles)	Average chapters 61-63 (clothing & made-ups)	Average chapter 41 (raw hides, skins, leather)	Average chapter 42 (leather articles)	Average chapter 43 (furs)	Average chapter 64 (footwear)
Applied rates	25	22	30	11	26	22	25
Offered rates	38,8	38,1	39,9	26,9	39,8	41,6	40

Averages in groups (textiles and clothing)

	Applied rates	Offer rates
Raw Materials	18	39,8
Yarns	17	37,6
Fibres	9	32,1
Fabrics	26	39,1
Apparel	30	39,9

4. Tariff bands (Number of lines within or outside harmonisation bands)

Applied rates

0%	>0<3%	3-5%	>5<10%	10-12%	>12<18%	18-20%	>20<25%	25-30%	>30%
0	0	9	73	66	95	113	166	252	397

Offered rates

0%	>0<3%	3-5%	>5<10%	10-12%	>12<18%	18-20%	>20<25%	25-30%	>30%
3	0	0	0	5	3	24	1	2	971

**5. Comparative table of base rates, offer rates and applied rates for
HS chapters groups (not trade-weighted)**

Chapter	Product description	Base rate ad valorem (%)	Offered rate ad valorem (%)	Applied rate ad valorem (%)
41 Average	Raw hide and skins and leather	28,3	26,9	11
42 Average	Leather articles	76,9	39,8	26
43 average	Furskins	85,7	41,6	22
50 average	Silk	81,9	40,0	18
51 average	Wool	55,1	37,4	18
52 average	Cotton	48,9	38,3	16
53 average	Other vegetable fibres	33,4	32,2	12
54 average	Filaments	71,5	38,4	24
55 average	Fibres	82,8	39,5	27
56 average	Wadding, etc.	65,2	38,8	23
57 average	Carpets	93,8	40,0	30
58 average	Special woven fabrics	80,1	40,0	28
59 average	Impregnated, coated fabrics	51,3	34,3	18
60 average	Knitted/crocheted fabrics	83,3	40,0	27
61 average	Apparel and clothing access.	92,8	40,0	29
62 average	Apparel and clothing access., not knitted/ crocheted	88,3	40,0	31
63 average	Other made-up textiles	80,0	39,8	27
64 average	Footwear	78,6	40,0	25
Grand average		73,1	38,5	24

Examples on tariff peaks

Applied tariff rates

CN code	Product description	Applied rate
54071010	Woven fabrics of synthetic filament yarn	36%
55131110	Woven fabrics of polyester staple fibres	34%
57011000	Carpets and other floor coverings, knotted, of wool or fine animal hair	31%
61044100	Dresses of wool or fine animal hair	33%
62033100	Jackets and blazers of wool or fine animal hair	33%

Offered rates

CN code	Product description	Offer rate
51053010	Carded fine animal hair	40%
52071000	Cotton yarn	35%
61011000	Men's overcoats, anoraks of wool or fine animal hair	40%
62033300	Jackets and blazers of synthetic fibres	40%
64042000	Footwear with outer soles of leather or composition of leather	40%