

AGREEMENT ON IMPORT LICENSING PROCEDURES

Notification under Articles 1.4(a) and 8.2(b) of the Agreement

PEOPLE'S REPUBLIC OF CHINA

Addendum

The following notification, dated 19 September 2002, has been received from the Permanent Mission of China.

Pursuant to Article 8.2(b) of the Agreement on Import Licensing Procedures, I am pleased to notify the following regulations and rules related to the Agreement in China. These regulations and rules are authentic only in Chinese and the English translations are for reference only.

1. Implementation rules on administration of automatic import licensing of machinery and electronic products
2. Measures on administration of import of machinery and electronic products
3. Implementation rules on the administration of import quotas of machinery and electronic products
4. Implementation rules on the administration of import of specific machinery and electronic products
5. Interim measures on the administration of import quotas of natural rubber
6. Implementation rules on the administration of import tariff rate quota of wool and wool tops of 2002
7. The quantity, conditions of application and allocation methods of import tariff rate quota of important agricultural products of 2002
8. Interim measures on the administration of import tariff rate quota for agricultural products

¹ At the request of China, this document is being circulated in connection with China's Transitional Review Mechanism to be undertaken in the Committee on Market Access.

9. Implementation rules on the administration of automatic import licensing of important industrial products
10. Measures on the administration of import licences for goods
11. Circular of the State Development Planning Commission of the People's Republic of China No. 3, 2002
12. Measures on the administration of automatic import licensing of goods
13. The allocation methods for import quantity of automobile tyres under import quota and application procedures in the year 2002
14. The allocation methods for import quantity of processed oil under import quota and application procedures in the year 2002
15. The allocation methods for import quantity of fertilizer under tariff rate quota and application procedures in the year 2002
16. Decree on the adjustment of the import quotas (non-state trading) for processed oil, automobile tyres and crude oil of 2002
17. The allocation methods for import quantity of processed oil under import quota and application procedures in the year 2003
18. The allocation methods for import quantity of automobile tyres under import quota and application procedures in the year 2003

**DECREE OF
THE MINISTRY OF FOREIGN TRADE AND ECONOMIC COOPERATION
AND THE GENERAL CUSTOMS ADMINISTRATION
OF THE PEOPLE'S REPUBLIC OF CHINA**

No.25, 2001

The Implementation Rules on the Administration of Automatic Import Licensing of Machinery and Electronic Products are herewith promulgated, in accordance with the Foreign Trade Law of the People's Republic of China, the Regulations on the Administration of Import and Export of Goods of the People's Republic of China, and the Measures on the Administration of Import of Machinery and Electronic Products. The Rules come into effect on January 1, 2002. It should be known that "the Registration Form for the Importation of Machinery and Electronic Products" in use and issued prior to January 1, 2002 by the Ministry of Foreign Trade and Economic Cooperation and the relevant authorities concerned, is still valid and may be used for the period of its duration, but shall be deemed to be invalid after its expiration without any renewal.

Issued by

Shi Guangsheng

Minister of the Ministry of Foreign Trade and Economic Cooperation

Mu Xinsheng

Director-General of the Customs General Administration

On December 20, 2001

IMPLEMENTATION RULES ON ADMINISTRATION OF AUTOMATIC IMPORT LICENSING OF MACHINERY AND ELECTRONIC PRODUCTS

Article 1 To administer automatic import licensing of machinery and electronic products, the Implementation Rules below are set forth in line with the Measures on the Administration of Import of Machinery and Electronic Products as well as the Measures on the Administration of Automatic Import Licensing.

Article 2 The Implementation Rules shall apply to import of machinery and electronic products subject to automatic import licensing to the customs territory of the People's Republic of China.

Article 3 The Ministry of Foreign Trade and Economic Cooperation of the People's Republic of China (hereinafter "MOFTEC") is the authority responsible for guidance and administration of the matters of import of machinery and electronic products subject to automatic import licensing. It in collaboration with the Customs General Administration has the authority to decide, amend and publish both the list of machinery and electronic products subject to automatic import licensing and the list of agencies designated to issue the licences. The existing agencies with the authority to grant the licences are attached as Annex 1.

The authorities responsible for foreign trade and economic cooperation at the level of the various provinces, autonomous regions, municipalities directly under the central government and those with independent budgetary status, open coastal cities, Special Economic Zones, and offices for the import and export of machinery and electronic products in the ministries directly under the State Council (hereinafter "local foreign trade authorities", "the relevant ministerial offices concerned"), are responsible for, within their respective mandates, administration of the matters of import of machinery and electronic products subject to automatic import licensing.

Article 4 Applicants for automatic import licensing shall provide the followings:

- (1) Application Form of Import of Machinery and Electronic Products (as attached in Annex 2);
- (2) A Photocopy of the document(s) from the authorities concerned verifying the business scope of the applicants;
- (3) Other necessary documents.

Additional documents shall be submitted in one or either of the following cases:

- (1) The Importation of machinery and electronic products for investment projects, approval documents or documents for filing with the authorities responsible for investment projects, shall be provided;
- (2) The Importation of machinery and electronic products made through international tender, the notices of result of the said international tender(s) issued by the relevant international authorities concerned, should also be provided.

Article 5 The Importing of machinery and electronic products subject to automatic import licensing administration shall comply with the following laws and administration regulations:

- (1) The importing of metrological devices shall comply with the Metrological Law of the People's Republic of China as well as the Measures on the Supervision and Administration of the Importation of Metrological Devices of the People's Republic of China;
- (2) According to the Standardization Law of the People's Republic of China, products shall not be imported if they do not comply with the standards of human health, human and property safety, and with the compulsory standards provided in the laws and administration regulations;
- (3) According to the Law on Environment Protection of the People's Republic of China, importing machinery and electronic products shall comply with the laws and administration regulations on environment protection;
- (4) According to the Law on Monopoly Sales of Tobacco of the People's Republic of China, importing machinery products to be used in the tobacco industry shall comply with the business permission granted by the National Authority for Administration of Monopoly Sales of Tobacco;
- (5) According to the Law on the Control of Air Pollution of the People's Republic of China, the importing of machinery and electronic products shall comply with the laws and administration regulations on the protection of the air environment;
- (6) Importing equipment of radio and transmission shall comply with the Regulation of Administration of Radio of the People's Republic of China;
- (7) The importing of satellite television receiving equipment shall comply with the Provisions of Administration of Television-Receiving Facilities of Ground Satellite and other regulations;

- (8) The importing of equipment for the duplication of audiovisual products, equipment relating to the production of cotton and textile and color photocopy machines, shall comply with the relevant regulations;
- (9) The importing of equipment for the production of codes and ciphers shall comply with laws and administration regulations on confidentiality;
- (10) Applicants who, within a period of three years prior to applying for an automatic import licence, have been deemed to have been involved in unlawful behavior such as the illegal remittance and procurement of foreign exchange, the receiving of export tax refunds by fraud and/or smuggling, shall not be granted an automatic import licence.
- (11) The importing of machinery and electronic products shall comply with the provisions of all bilateral and multilateral agreements participated in by China.
- (12) The importing of machinery and electronic products shall comply with the provisions contained in other relevant laws, administration regulations and industry policies of the Peoples Republic of China.

Article 6 Procedure for Automatic Import Licensing

- (1) Applicants importing machinery and electronic products subject to automatic import licensing shall, prior to declaration before the Customs, proceed with the automatic import licensing procedure in local foreign trade authorities or the relevant ministerial offices concerned . In the event that the relevant ministerial offices concerned are not available in the first instance, applicants shall proceed the automatic import licensing procedure in the foreign trade authorities located in the place where the applicants have registered their certificate of incorporation
- (2) On receipt of the Application Form for the Import of Machinery and Electronic Products, as provided by the Implementation Rules, local foreign trade authorities and the relevant ministerial office concerned, shall immediately grant an Automatic Import Licence (as attached in Annex 3), to the extent administratively feasible, but within a maximum of 10 working days.

Article 7 Applicants for the licence shall remit foreign exchange by presenting the Automatic Import Licence to their bank(s). On presentation of the Automatic Import Licence to the Customs authority concerned, the said customs authority shall proceed with customs-clearing procedures without delay.

Article 8 Validity, Change, Replacement and Renewal of Automatic Import Licence

The Automatic Import Licence is valid for a period of one year, which licence may be renewed for a further 12 month period only in circumstances where the subject matter of the licence has a longer production cycle. Within the duration of the said licence, where licence-holders, for special reasons wish to change the contents of the said licence, they shall present the licence to the authorities who initially granted the licence to apply for the change; the relevant authorities shall be presented with the old licence and shall replace it with a new licence clearly indicating the term "Replacement" on the licence. There shall be no need to change those licences with which the amount of actual use of foreign exchange is less than 10% of the amount scheduled. Within the duration of the licence, those licence-holders, who for special reasons wish to renew the licence, shall present the licence to the authorities who initially granted the licence for renewal; the licences shall be renewed only for one time.

Article 9 In the event that the Automatic Import Licence is lost, the licence holder concerned shall immediately report this fact to the authorities who initially granted the licence to them. Upon verification by the authorities of this fact, a new licence shall be re-issued, provided that there is no adverse consequence as a result of the re-issuance.

Article 10 In the event that the licence-holders decide not to use the licence, they shall promptly return the licence to the authorities who initially granted the licence.

Article 11 The Implementation Rules shall also apply in any of the following circumstances:

- (1) Machinery and electronic products, subject to automatic import licensing and imported under the inward processing program, which are sold on the domestic market or used by importers;
- (2) Machinery and electronic products, subject to automatic import licensing and imported by foreign-invested enterprises, are sold on the domestic market or used for production of domestically-sold products, as well as used machinery and electronic products imported into the Peoples Republic of China, by foreign-invested enterprises;
- (3) Machinery and electronic products, subject to automatic import licensing, which are imported through counter trade and trade based on leasing projects;
- (4) Machinery and electronic products, subject to automatic import licensing, imported through gratuitous aids, donations and rendered gratis;
- (5) Machinery and electronic products, subject to automatic import licensing, imported through bonded areas and export-processing zones in China;

- (6) Machinery electronic products, subject to automatic import licensing and purchased on overseas markets by the Chinese missions, agencies and companies located outside of China, which are shipped back to China for their own use;
- (7) Any other cases provided by the laws and administration regulations.

Article 12 The Implementation Rules shall not apply in any of the following circumstances:

- (1) Machinery and electronic products, subject to automatic import licensing and imported under the inward processing program, are re-exported;
- (2) Machinery and electronic products, subject to automatic import licensing and imported to bonded areas and export-processing zones in China, are re-exported;
- (3) Machinery and electronic products, subject to automatic import licensing, which are temporarily withheld under the supervision of the Customs;
- (4) Machinery and electronic products, subject to automatic import licensing, which are imported by foreign-invested enterprises, for their investment purposes or for their own use;
- (5) Machinery and electronic products, subject to automatic import licensing, which are imported as samples or for advertising purposes, with a value for each shipment amounting to less than 5,000 RMB;
- (6) Any other cases provided by the laws and administration regulations.

Article 13 In the process of application for automatic licensing, any disputes between applicants and local foreign trade authorities or the relevant ministerial offices concerned, shall be subject to administrative review or administrative litigation.

Article 14 The form for the Automatic Import Licensing shall be made by MOFTEC.

Article 15 The Implementation Rules are subject to interpretation by MOFTEC. The present new Rules shall prevail, in the event that there is a discrepancy between the previous rules and the existing ones.

Article 16 The Implementation Rules shall come into force as from January 1, 2002.

DECREE OF
THE MINISTRY OF FOREIGN TRADE AND ECONOMIC COOPERATION
THE GENERAL CUSTOMS ADMINISTRATION
THE STATE GENERAL ADMINISTRATION FOR QUALITY SUPERVISION AND
INSPECTION AND QUARANTINE
OF THE PEOPLE'S REPUBLIC OF CHINA

No.10, 2001

The Measures on the Administration of the Importation of Machinery and Electronic Products are herewith promulgated, in accordance with the Foreign Trade Law of the People's Republic of China, and the Regulation on the Administration of Imports and Exports of the People's Republic of China. The Rules come into effect on January 1, 2002.

Issued by

Shi Guangsheng
Minister
Ministry of Foreign Trade and Economic Cooperation

Mu Xincheng
Director-General
Customs General Administration

Li Changjiang
Director-General
The State General Administration for Quality Supervision and Inspection and Quarantine

On December 20, 2001

MEASURES ON ADMINISTRATION OF IMPORT OF MACHINERY AND ELECTRONIC PRODUCTS

Chapter I General Provisions

Article 1 To facilitate foreign trade, implement industry policies, maintain market order, optimize import structure and promote the development of the national economy, the Measures on the Administration of Importation of Machinery and Electronic Products (hereinafter "Measures") below are set forth in line with the Regulation on the Administration of Import and Export of Goods of the People's Republic of China and the provisions contained in the relevant international treaties and agreements participated in by the People's Republic of China.

Article 2 The Measures shall apply to the importation of machinery and electronic products made by legal persons or other organizations located in the People's Republic of China (hereinafter "Importers") to the customs territory of the People's Republic of China.

Article 3 For the purpose of the Measures, the machinery and electronic products are hereby defined as machinery equipment, electrical equipment, transportation vehicles, electronic products, electric appliances, instruments and components and parts thereof.

Article 4 The Importation of machinery and electronic products shall comply with Chinese law, administration regulations, governmental rules on safety and the protection of the environment, quality and technical standards, as well as law and administration regulations concerning quality and technical standards as outlined in various internationally-recognized or bilaterally-accepted conventions on the safety and protection of the environment .

Article 5 The Ministry of Foreign Trade and Economic Cooperation of the People's Republic of China (hereinafter "MOFTEC") is the authority responsible for the administration of matters relating to the importation of machinery and electronic products.

The authorities responsible for foreign trade and economic cooperation at the level of the various provinces, autonomous regions, municipalities directly under the central government and those with independent budgetary status, open coastal cities, Special Economic Zones (hereinafter "local foreign trade authorities"), and the offices dealing with the import and export of machinery and electronic products in the ministries directly under the State Council (hereinafter "the relevant ministerial offices concerned "), are responsible for, within their respective mandates, the administration of matters relating to the importation of machinery and electronic products.

Article 6 The Administration of the importation of machinery and electronic products is divided into three categories, namely prohibited imports, restricted imports and automatic import licensing.

Chapter II Prohibited Imports

Article 7 Prohibitions on the importation of machinery and electronic products shall apply in any of the following circumstances:

- (1) Imports endangering the national security or the public interest;
- (2) Imports prohibited for the purpose of the protection of human, animal or plant life or health;
- (3) Imports endangering the living and ecological environment;
- (4) Imports prohibited in accordance with the relevant provisions contained in international treaties and agreements participated in by the People's Republic of China.
- (5) Other circumstances provided by law and administration regulations.

Article 8 MOFTEC, in collaboration with the Customs General Administration, shall decide, amend and publish the list of prohibited imports of machinery and electronic products.

Chapter III Restricted Imports

Article 9 Restrictions on the import of machinery and electronic products shall apply in any of the following circumstances:

- (1) Import restrictions necessary to safeguard the national security or the public interest;
- (2) Import restrictions necessary to establish or promote the establishment of a particular industry;
- (3) Import restrictions necessary to safeguard the financial status and balance of payments;
- (4) Import restrictions in accordance with the relevant provisions contained in the international treaties and agreements participated in by the People's Republic of China.
- (5) Other circumstances provided by law and administration regulations.

Article 10 MOFTEC, in collaboration with the Customs General Administration, shall decide, amend and publish the list of restricted imports of machinery and electronic products.

The list of restricted imports of machinery and electronic products shall be published no later than 21 days prior to its enforcement. In emergency circumstances, it shall be published no later than the day it is deemed to come into force.

Article 11 Machinery and electronic products under the category of restricted imports will be subject to quota administration in circumstances where quantitative restrictions are imposed on the products. Those products deemed not to be subject to quantitative restrictions are referred to as specific machinery and electronic products. They are subject to the administration of import licences.

Article 12 With respect to machinery and electronic products subject to import restrictions and quota administration, MOFTEC shall decide on the quantity of the imports and shall publish, prior to the 31st of July of each year, the quantity to be imported in the following year.

Article 13 Importers of products subject to quota administration shall apply to MOFTEC for a Certificate of Import Quota of Machinery and Electronic Products. They shall present the Certificate to the licensing administration authority and apply for the Licence of Import Quota. This Licence shall enable them to proceed with customs-clearing procedures with the relevant Customs authority.

Article 14 In accordance with the Measures, MOFTEC shall formulate and publish the implementation rules on the administration of import quotas on machinery and electronic products.

Article 15 The Importation of specific machinery and electronic products shall be made through international tender. Importers shall apply to MOFTEC for an Import Licence for Machinery and Electronic Products, on receipt of which they shall be able to proceed with customs-clearing procedures with the relevant Customs authority.

Article 16 In accordance with the Measures, MOFTEC, in collaboration with the Customs General Administration, shall formulate and publish the implementation rules on the administration of the importation of specific machinery and electronic products.

Chapter IV Automatic Import Licensing

Article 17 For the purpose of overseeing and analyzing the importation of machinery and electronic products, automatic import licensing shall apply to the importation of machinery and electronic products, other than those subject to import prohibitions and restrictions.

Article 18 MOFTEC, in collaboration with the Customs General Administration, shall decide, amend and publish the list of machinery and electronic products subject to automatic import licensing.

The list of machinery and electronic products subject to automatic import licensing shall be published no later than 21 days prior to its enforcement.

For the purpose of the Measures, automatic import licensing is defined the procedure whereby as those applications for licences, submitted by importers in line with the relevant legal procedures, that are made for the purpose of the importation of machinery and electronic products and that should comply with the law and administration regulations, shall be granted by MOFTEC, the local foreign trade authorities or the relevant ministerial offices concerned .

Article 19 To import machinery and electronic products subject to automatic import licensing, importers shall, prior to proceeding with the relevant customs-clearing procedure, apply to their local foreign trade authority or ministerial office concerned for the Automatic Import Licence, on receipt of which licence they may proceed with the customs-clearing procedures with the relevant Customs authority.

Article 20 In accordance with the Measures, MOFTEC, in collaboration with the Customs General Administration, shall formulate and publish the implementation rules on the administration of automatic import licensing.

Chapter V The Importation of Used Machinery and Electronic Products

Article 21 Used machinery and electronic products are defined as machinery and electronic products that have been used (or renovated).

Article 22 Importers of used machinery and electronic products shall, on entering into contracts or any documents with binding force, insert a provision in such contracts and/or documents relating to such importation, in the form of a clause allowing for the inspection of their shipments in accordance with provisions in the law and administration regulations on national security, health and the protection of environment in China. With respect to the importation of used machinery and electronic products, large-scale complete set of plants and equipment, which is deemed as relating to the national security, the protection of environment and human health in China, importers shall be obliged to insert a further provision in their contracts and/or relevant documents, clearly stating that the pre-shipment inspection and loading under supervision procedures, shall be carried out in the exporting country.

Article 23 With respect to the importation of used machinery and electronic products, importers shall apply to the State General Administration for Quality Supervision and Inspection and Quarantine and its designated agencies for the inspection of imports, and submit to the necessary importation procedures, in accordance with the provisions contained in the Measures. Importers shall present Certificates of Import Permission of used machinery and electronic products, as well as the Notice of Inspection Clearance of the Imports, issued by the Inspection and Quarantine authorities, to the Customs for customs clearance.

Chapter VI Import Supervision and Safeguard

Article 24 MOFTEC is hereby designated as the authority at national level responsible for the collection of import statistics, on the analysis and the supervision of the importation of machinery and electronic products.

The Local foreign trade authorities and the ministerial offices concerned shall, in accordance with the rules relating to the collection of statistics and within their respective mandates, promptly report to MOFTEC import statistics and details relating to the importation of machinery and electronic products concerned.

Article 25 If, through supervision, there exists abnormal circumstances relating to the importation of machinery and electronic products, MOFTEC shall promptly notify the administrative authorities concerned. The parties concerned and MOFTEC shall, in accordance with the law and administrative regulations, provide assistance to the authorities to conduct an investigation.

Chapter VII Legal Liabilities

Article 26 Notice is hereby given that any of the following circumstances shall be deemed to be in violation of the provisions contained in the Measures:

- (1) The importation of machinery and electronic products categorized as a prohibited import, or without approval the importation of machinery and electronic products categorized as a restricted import ;
- (2) The importation of machinery and electronic products categorized as a restricted import that are deemed to be beyond the permitted scope;
- (3) The fabricating or unauthorized selling of documents relating to the import of machinery and electronic products, including the Certificate of Import Quota of Machinery and Electronic Products, the Licence of Import Quota and the Import Licence for Machinery and Electronic Products;
- (4) The obtaining of any of the above-mentioned documents by fraud or other illegal means;
- (5) The transferring to third parties of the above-mentioned documents without authorization;
- (6) The application for the importation of such products without compliance to legal procedures;
- (7) Any other actions violating provisions of the law and administration regulations.

Article 27 Importers undertaking any one of the actions listed in Article 26, shall be criminally liable if their actions are deemed to constitute crimes. They shall be subject to penalties in accordance

with the law and administration regulations, if their actions are deemed to be misdemeanors and/or are not severe enough to merit criminal prosecution. Where importers are found to have undertaken any of the prescribed actions listed in subsections (4), (5) and (6) of Article 26, any certification or documents deemed to have been obtained by such means shall be revoked. Individuals, as distinct from the legal persons referred to above, who are deemed to have been associated or involved in such a prescribed activity shall be liable to face punishment by the administrative authorities concerned. They shall also be liable for criminal punishment if their actions are deemed serious enough to merit criminal prosecution.

MOFTEC has the authority to suspend or revoke trading rights for those importers that are deemed to have undertaken one or either of the prescribed actions listed in Article 26. At the discretion of MOFTEC, and/or the local foreign trade authorities and/or the relevant ministerial offices concerned, such authority shall not accept the applications from the importer(s) concerned for the importation of machinery and electronic products for a period of one to three years from the date of discovery of the prescribed activity. Such authorities may in turn make recommendations to the Registration Authorities for Industry and Commerce to revoke the business licences of such importers on account of their being engaged in such activities.

For the purpose of the investigation of the illegal importation of machinery and electronic products, the Customs has the authority to confiscate the above-mentioned certification and documents according to the law and administration regulations.

Article 28 Importers who are unsatisfied with an administrative decision(s) or penalty given may apply for administrative review or lodge administrative litigation.

Article 29 Individuals in charge of import administration are subject to administrative sanctions or penalty, provided they conduct dereliction of duty, conduct fraud for their own interest and abuse their powers. They shall be criminally liable if their actions are deemed to constitute crimes.

Chapter VIII Miscellaneous

Article 30 The Measures shall also apply in any of the following circumstances:

- (1) Machinery and electronic products imported under the inward processing program which are subsequently sold on the domestic market or reserved for self-use;
- (2) Machinery and electronic products imported by foreign-invested enterprises for manufacturing products to be sold on the domestic market or for domestic sales, as well as used machinery and electronic products imported by foreign-invested enterprises;

- (3) Machinery and electronic products imported through counter trade and/or trade based on leasing projects;
- (4) Machinery and electronic products imported through gratuitous aid, donations or are rendered gratis;
- (5) Machinery and electronic products imported through bonded areas and export-processing zones in China;
- (6) Machinery and electronic products purchased on overseas markets by the Chinese missions, agencies and companies located outside of China, which are subsequently shipped back China for their own use;
- (7) Any other cases provided by the law and administration regulations.

Article 31 The Measures shall be deemed not to apply in any of the following circumstances:

- (1) Machinery and electronic products imported under the inward processing program that are subsequently re-exported;
- (2) Machinery and electronic products are temporarily held for inspection under the supervision of the Customs;
- (3) Machinery and electronic products imported by foreign-invested enterprises for their own investment purposes or for their own use;
- (4) Any other cases provided by the law and administration regulations.

Article 32 The Importation of machinery and electronic products subject to compulsory certification requirements shall be obliged to obtain prior permission in relation thereto.

Article 33 The Measures are deemed to be applicable for the importation of machinery and electronic products imported by means of international tender, in accordance with Chinese law, administrative regulations or loan agreements with international finance institutions and foreign governments.

MOFTEC shall formulate and publish the measures on international tender for machinery and electronic products.

Article 34 MOFTEC is the authority and shall be responsible for the interpretation and implementation of the Measures. The Measures shall prevail where there is any discrepancy between the previous rules and the existing ones.

Article 35 The Measures shall come into force as from January 1, 2002.

**DECREE OF
THE MINISTRY OF FOREIGN TRADE AND ECONOMIC COOPERATION
OF THE PEOPLE'S REPUBLIC OF CHINA**

No.23, 2001

The Implementation Rules on the Administration of Import Quotas of Machinery and Electronic Products approved on the 10th executive meeting of the Ministry of Foreign Trade and Economic Cooperation and by the General Customs Administration, are herewith promulgated , in accordance with the Foreign Trade Law of the People's Republic of China, the Regulation on Administration of Import and Export of Goods the People's Republic of China, the Measures on Administration of Import of Machinery and Electronic Products and shall come into effect on January 1, 2002. It should be known that "Certificate of Import Quota" in use and issued prior to January 1, 2002 by the Ministry of Foreign Trade and Economic Cooperation is still valid and may be used for the period of its duration, but shall be deemed to be invalid after its expiration without any renewal.

Issued by

Shi Guangsheng

Minister of the Ministry of Foreign Trade and Economic Cooperation

On December 20, 2001

IMPLEMENTATION RULES ON THE ADMINISTRATION OF IMPORT QUOTAS OF MACHINERY AND ELECTRONIC PRODUCTS

Article 1 To administer import quotas of machinery and electronic products, the Implementation Rules on the Administration of Import Quotas of Machinery and Electronic Products (hereinafter “the Implementation Rule”) below are set forth in line with the Rules on the Administration of Import and Export of Goods of the People’s Republic of China and the Measure on the Administration of Import of Machinery and Electronic Products.

Article 2 The implementation Rules shall apply to import of machinery and electronic products subject to import quotas to the customs territory of the People’s Republic of China.

Article 3 In collaboration with the General Customs Administration, the Ministry of Foreign Trade and Economic Cooperation of the People’s Republic of China (hereinafter “MOFTEC”) shall be responsible for defining, amending and publishing the list of machinery and electronic products subject to import quotas as well as for formulating the annual national plan of import quotas for machinery and electronic and organizing the implementation of such plan.

Article 4 MOFTEC shall conduct data exchange, verify and collect feedback with the relevant authorities such as the Customs through electronic network and other means, so as to inspect and oversee the nationwide implementation of import quotas for the machinery and electronic products.

The authorities responsible for foreign trade and economic cooperation at the level of the various provinces, autonomous regions, municipalities directly under the central government and those with independent budgetary status, open coastal cities, Special Economic Zones and offices for the import and export of machinery and electronic products in the ministries directly under the State Council (hereinafter “local foreign trade authorities” and “the relevant ministerial offices concerned”), are responsible for, with their respective mandates, inspection and supervision of the implementation of import quotas and keeping MOFTEC reported.

Article 5 MOFTEC shall publish total amount of import quotas for machinery and electronic for the whole country for the next year prior to July 31 of each year.

MOFTEC may take into account of actual situation to adjust the total amount of annual import quotas for machinery and electronic products and the amended amount shall be put into effect upon a prior notice of 21 days.

Article 6 Applicants' eligibility and application conditions on import quotas for machinery and electronic products:

- 1) Applicants shall not have been involved in, within a period of three years prior to applying for import quotas, unlawful behaviors such as the illegal remittance and procurement of foreign exchange, the receiving of export tax refunds by fraud and/or smuggling;
- 2) Applicants shall have the right to engage in the business with respect to the products subject to the import quota they applied for;
- 3) Applicants shall, for three consecutive years, have had good performance in importing and selling the products subject to the import quotas they applied for;
- 4) Applicants shall possess the capacities for production, sale, maintenance, service and supply of parts which fit the amount of the quotas they applied for;
- 5) Applicants shall be in sound financial conditions;
- 6) New applicants shall not be bound to the provision of above 3);
- 7) Applicants applying for quotas for their own use shall not be bound to the provisions of above 2), 3), 4), and 5), but shall provide the reasonable cause for the application and the proper amount of the quotas for which they are applying.

Article 7 Time for application for and allocation of import quotas:

- 1) Applicants shall submit application for import quotas for machinery and electronic products for the next year from August 1 to August 31 of each year and submissions exceed the time limit shall be denied.
- 2) MOFTEC shall, prior to October 31 of every year, allocate quotas and issue the Certificate of Import Quota for Machinery and Electronic Products to importers who have acquired quotas.

Article 8 Time for reallocation of the import quotas:

- 1) Importers processing import quotas shall return licences of unused quotas to MOFTEC prior to September 1 of each year.
- 2) MOFTEC shall reallocate the remaining part of the unused quotas returned to it within 10 working days as from September 1 of each year.

Article 9 Principles for import quota allocation:

- 1) The need for self-use of scientific research, education, culture, health and other public welfare undertakings shall be satisfied;
- 2) Priorities shall be given to the importers with stronger capacities for production, sale and service in allocation of import quotas;
- 3) The actual performance by importers in the utilization of the allocated quotas for three consecutive years shall be taken into account in allocation of import quotas;
- 4) Certain portion of quotas shall be allocated to new applicants;
- 5) The quotas to be allocated for the next year to those importers who have used up their quotas for the previous year shall be increased appropriately upon request; the quotas for the next year shall be decreased for those importers who have not used up their quotas in the previous year and failed to return the unused quotas within the prescribed time limit.

- 6) Certain import quotas shall be allocated by means of bidding. Administrative measures in this respect shall be formulated and published by MOFTEC.

Article 10 Procedure of application for the Certificate of Import Quota for Machinery and Electronic Products (hereinafter “the Certificate”):

Applicants for import quotas for machinery and electronic products subject to import quota shall fill out the Application Form for Import of Machinery and Electronic Products (see Annex 1) in duplicate copies and shall provide the applications and other relevant documents to local foreign trade authorities and the relevant ministerial offices concerned for examination. In the event that the relevant ministerial offices concerned are not available in the first instance, applicants shall proceed the procedure in the foreign trade authorities located in the place where the applicants have registered their certificate of incorporation

Once examined by local foreign trade authorities and the relevant ministerial offices concerned, applicants shall, within the prescribed time limits, present MOFTEC with the relevant documents and the Application Form for Import of Machinery and Electronic Products to obtain the Certificate (see Annex 2).

Article 11 Importers shall present the Certificate issued by MOFTEC to obtain the Import Quota Licence (hereinafter “the Licence”). Applications for the Licences shall be submitted in the same year of issuance of the Certificate. If the importer fails to submit applications within the time limit, the Certificate shall become invalid.

Article 12 The Certificate shall be in five copies. The first copy (blue with anti-forgery shading) is used for application for the Licence; the second one (green with white shading) is used for the purpose of ordering imports; the third one (crimson with anti-forgery shading) is used for the record of the Customs; the fourth one is used for the sale and payment of foreign exchanges, and the fifth one (black with white shading) is used for the record of the quota administrative authority.

Article 13 Within the duration of the certificate, in the event that the importers, who for specific reasons wish to change the Certificate in terms of company name, trade method, the purpose of use of the products, name, quantity and value (exceeding 10%) and the conditions of the equipment/products, shall present the Certificate to the authorities who initially granted the Certificate to apply for the change; the relevant authorities shall revoke the old Certificate and shall replace it with a new Certificate clearly indicating the term “ Replacement” on the Certificate. There shall be no need to change those Certificates with which the amount of actual use of foreign exchange is less than 10% of the amount scheduled. The importers shall not apply for the above changes when they present the Certificates to apply for the Licences.

Article 14 In the event that the Certificate is lost, the certificate holder shall immediately report this fact simultaneously to the authority of administration of import quota that initially granted the

Certificate, the authority of administration of import licence that initially granted the Licence and the Customs at the port of entry. The importers may apply for a new Certificate provided that there is no adverse consequence as a result of the re-issuance.

Article 15 If an importer makes in import contract prior to filing its application for and acquirement of the Certificate and the Licence in light of the provisions of the Implementation Rules, MOFTEC shall not accept its belated application for it the Certificate, and the authorities concerned such as the Customs shall handle the matter in accordance with relevant law and administration regulations.

Article 16 The implementation Rules shall also apply in any of the following circumstances:

- (1) Imported parts which contribute to the whole character of the products subject to import quotas;
- (2) Products subject to import quotas and imported under the inward processing program, which are used for production of domestically-sold products or used by importers;
- (3) Products subject to import quotas and imported by foreign-invested enterprises, which are sold on the domestic market or used for production of domestically-sold products;
- (4) Products subject to import quotas imported through counter trade and trade based on leasing projects;
- (5) Products subject to import quotas, which are imported through gratuitous aids, donations and rendered gratis;
- (6) Products subject to import quotas purchased on overseas market by the Chinese missions, agencies and companies located outside of China, which are shipped back to China for their own use.
- (7) Any other cases provided by the laws and administration regulations.

Article 17 The implementation Rules shall not apply in any of the following circumstances:

- (1) Products subject to import quotas and imported under the inward processing program, which are re-exported.
- (2) Products subject to import quotas and imported to bonded areas and export-processing zones in China, which are re-exported.
- (3) Products subject to import quotas, which are temporarily withheld under the supervision of the Customs.
- (4) Products subject to import quotas, which are imported by foreign-invested enterprises for their investment purpose or for their own use;
- (5) Any other case provided by the laws and administration regulations;;

Article 18 The Implementation Rules are subject to interpretation by MOFTEC. In the event that there is a discrepancy between the previous and the existing rules, the present new rules shall prevail.

Article 19 The Implementation Rules shall come into force as from January 1, 2002.

**DECREE OF
THE MINISTRY OF FOREIGN TRADE AND ECONOMIC COOPERATION AND THE
GENERAL CUSTOMS ADMINISTRATION
OF THE PEOPLE'S REPUBLIC OF CHINA**

No.24, 2001

The Implementation Rules on the Administration of Import of Specific Machinery and Electronic Products are herewith promulgated in accordance with the Foreign Trade Law of the People's Republic of China, the Regulation on the Administration of Imports and Exports of the People's Republic of China and the Measures on Administration of Import of Machinery and Electronic Products and shall come into effect on January 1, 2002. It should be known that "Certificate of Import of Machinery and Electronic Products " in use and issued prior to January 1, 2002 by the Ministry of Foreign Trade and Economic Cooperation is still valid and may be used for the period of its duration, but shall be deemed to be invalid after its expiration without any renewal

Issued by

Shi Guangsheng

Minister of the Ministry of Foreign Trade and Economic Cooperation

Mu Xinheng

Director-General of the General Customs Administration

On December 20, 2001

**IMPLEMENTATION RULES ON THE ADMINISTRATION OF
IMPORT OF SPECIFIC MACHINERY AND ELECTRONIC PRODUCTS**

Article 1 To administer import of specific machinery and electronic products, the Implementation Rules on the Administration of Import of Specific Machinery and Electronic Products (hereinafter “the Implementation Rules”) below are set forth in line with the Rules on the Administration of Import and Export of Goods of the People’s Republic of China and the Measures on the Administration of Import of Machinery and Electronic Products.

Article 2 The implementation Rules shall apply to import of specific machinery and electronic products to the customs territory of the People’s Republic of China.

Article 3 In collaboration with the General Customs Administration, the Ministry of Foreign Trade and Economic Cooperation of the People’s Republic of China (hereinafter “MOFTEC”) shall be responsible for compiling, amending and publishing the list of specific machinery and electronic products and organizing the implementation of such list.

Article 4 Applicants' eligibility and application conditions on import of specific machinery and electronic products (hereinafter "the Specific Products"):

- (1) Applicants shall not have been involved in, within a period of three years prior to applying for import quotas, unlawful behaviors such as the illegal remittance and procurement of foreign exchange, the receiving of export tax refunds by fraud and/or smuggling;
- (2) Applicants shall have the right to engage in the business with respect to the import of the Specific Products they applied for;
- (3) Applicants shall possess the capacities for production, sale, maintenance, service and supply of parts which fit the amount of the imports they applied for;
- (4) Applicants shall be in sound financial conditions;
- (5) Applicants applying for imports for their own use shall not be bound to the provisions of above 2), 3), and 4), but shall provide the reasonable cause for the application and the proper amount of the import for which they are applying.

Article 5 Applicants applying for importation of the Specific Products shall provide documents as follows:

- 1) Application for Import of the Specific Machinery and Electronic Products;
- 2) Application Form for Import of Specific Machinery and Electronic Products (see Annex 1);
- 3) Photocopies of Business Licences and the document(s) from the authorities concerned verifying the business scope of the applicants;
- 4) The Importation of the Specific Products made through international tender, the notices of result of the said international tender(s) issued by the relevant international authorities concerned;

- 5) Other documents as required.

Article 9 Principles for approval of import of Specific Products:

- (1) The need of scientific research, education, culture, health and other public welfare undertakings for import quotas shall be satisfied;
- (2) Priorities shall be given to the applicants with stronger capacities for production, sale and service in consideration of approval;
- (3) The actual performance in import of the applicable Specific Products for three consecutive years shall be taken into account in consideration of approval;
- (4) Supplemented applicants shall be taken into reasonable account;
- (5) Other factors which should be taken into account.

Article 7 Applicants for importation of the Specific Products shall fill out the Application Form for Import of Machinery and Electronic Products in duplicate copies and shall provide the applications and other relevant documents to local foreign trade authorities and the relevant ministerial offices concerned for examination. In the event that the relevant ministerial offices concerned are not available in the first instance, applicants shall proceed the procedure in the foreign trade authorities located in the place where the applicants have registered their certificate of incorporation. Once examined by local foreign trade authorities and the relevant ministerial offices concerned, applicants shall proceed with MOFTEC for application for importation.

Article 8 Upon receipt of applications from importers, MOFTEC shall, within 30 days, review the applications and decide whether to grant Import Licences for Machinery and Electronic Products (hereinafter "Licence") to relevant applicants (see Annex 2).

Article 9 With the Licence granted, importers shall sign import contracts, purchase foreign exchanges from banks and proceed with the Customs concerned with customs-clearing procedures.

Article 10 Validity, Change, Replacement and Renewal of Automatic Import Licence

The Licence is valid for a period of one year. Within the duration of the said licence, where licence-holders, for special reasons wish to change the contents of the said Licence, they shall present the Licence to the authorities who initially granted the licence to apply for the change; the relevant authorities shall be presented with the old Licence and shall replace it with a new Licence clearly indicating the term "Replacement" on the Licence. There shall be no need to change those Licences with which the amount of actual use of foreign exchange is less than 10% of the amount scheduled. Within the duration of the licence, those Licence-holders, who for special reasons wish to renew the Licence, shall present the Licence to the authorities who initially granted the Licence for renewal; the Licences shall be renewed only for one time.

Article 11 In the event that the Licence is lost, the Licence holder concerned shall immediately report this fact to the authorities who initially granted the Licence to them. Upon verification by the authorities of this fact, a new Licence shall be re-issued, provided that there is no adverse consequence as a result of the re-issuance.

Article 12 The implementation Rules shall also apply in any of the following circumstances:

- (1) Imported parts which contribute to the whole character of the Specific Products;
- (2) Specific Products imported under the inward processing program, which are used for production of domestically-sold products or used by importers;
- (3) Specific Products imported by foreign-invested enterprises, which are used for production of domestically-sold products;
- (4) Specific Products imported through counter trade and trade based on leasing projects;
- (5) Specific Products which are imported through gratuitous aids, donations and rendered gratis;
- (6) Specific products purchased on overseas market by the Chinese missions, agencies and companies located outside of China, which are shipped back to China for their own use; or
- (7) Any other cases provided by the laws and administration regulations.

Article 13 The implementation Measures shall not apply in any of the following circumstances:

- (1) Specific Products imported under the inward processing program, which are re-exported.
- (2) Specific Products imported to bonded areas and export-processing zones in China, which are re-exported.
- (3) Specific products which are temporarily withheld under the supervision of the Customs.
- (4) Specific Products which are imported by foreign-invested enterprises for their investment purpose or for their own use; or
- (5) Any other case provided by the laws and administration regulations;

Article 14 The Implementation Rules are subject to interpretation by MOFTEC. In the event that there is a discrepancy between the previous and the existing rules, the present new rules shall prevail.

Article 19 The Implementation Rules shall come into force as from January 1, 2002.

**DECREE OF THE STATE DEVELOPMENT PLANNING COMMISSION
THE MINISTRY OF FOREIGN TRADE AND ECONOMIC COOPERATION AND
THE GENERAL CUSTOMS ADMINISTRATION
OF THE PEOPLE'S REPUBLIC OF CHINA**

No.20

The Interim Measures for the Administration of Import Quotas of Natural Rubber are herewith promulgated, in accordance with the Foreign Trade Law of the People's Republic of China, the Regulation on Administration of Import and Export of Goods of the People's Republic of China, and shall come into effect on February 5, 2002.

Issued by

Zeng Peiyan

Minister of the State Development Planning Commission

Shi Guangsheng

Minister of the Ministry of Foreign Trade and Economic Cooperation

Mu Xin Sheng

Director-General of the Customs General Administration

On February 1, 2002

INTERIM MEASURES FOR THE ADMINISTRATION OF IMPORT QUOTAS OF NATURAL RUBBER

Article 1 To administer import of natural rubber and establish fair, impartial and transparent administrative systems of import quotas, the Interim Measures for the Administration of Import Quotas of Natural Rubber (hereinafter “the Interim Measures”) below are set forth in line with the Foreign Trade Law of the People’s Republic of China and the Rules on the Administration of Import and Export of Goods of the People’s Republic of China.

Article 2 The state authority concerned shall determine the annual import volume of natural rubber in light of the external commitments, the industrial and agricultural production and market demand.

Article 3 Importation of natural rubber is subject to the overall administration. With the exception of the stipulation in Article 5 (2) of the Interim Measures, importation of natural rubber by whatever means shall be subject to the quota administration.

Article 4 Import quotas for natural rubber shall be subject to a uniform administration of the State Development Planning Commission (hereinafter “SDPC”). MOFTEC shall be responsible for the administration of import licences for natural rubber. Local agencies authorized by SDPC in various regions shall be responsible for allocation and issuance of the Certificate of Import Quotas for Natural Rubber (hereinafter “Certificate”). The list of authorized agencies is attached as Annex 1.

Article 5 The Certificate shall be categorized into two types as Certificate A and Certificate B. Certificate A shall apply to importation of natural rubber by means of general trade, barter trade, small amount frontier trade, gratuitous aids and donations (hereinafter “the General Trade”) (for Certificate A please see Annex 2); Certificate B shall apply to natural rubber imported under the inward processing program (for Certificate B please see Annex 3).

Natural rubber imported to bonded warehouses, bonded zones and export-processing zones shall not be subject to quota administration and shall be inspected, released and supervised by the Customs pursuant to current applicable regulations.

Article 6 The period of application for Certificate A shall be from October 15 to October 31 of each year. SDPC shall, one month prior to the application period, publicize the total amount of import quotas for natural rubber and the specific conditions for application for the next year on China Economic Herald, International Business Daily, China Economic Information Network (<http://www.cei.gov.cn/>) and the official website of MOFTEC (<http://www.moftec.gov.cn>).

Article 7 The agencies authorized by SDPC (hereinafter “the Authorized Agencies”) shall, within their mandates, be responsible for the acceptance of applications for the Certificate A.

Article 8 The Authorized Agencies shall examine applications and relevant materials submitted by applicants according to the proclaimed conditions. The Authorized Agencies reserve the right to refuse ineligible applications.

Article 9 The Authorized Agencies shall, prior to December 1 of each year, notify the end users of the amount of quota of natural rubber to be allocated under Certificate A for next year, in the form of the Notice on the Allotment of Import Quotas for Natural Rubber (hereinafter "the Notice", the format is attached as Annex 4).

Article 10 Import quotas of natural rubber under Certificate A shall be allocated in light of quota amount for which the applicants applied, their previous import performances and their capacities for production and processing.

Article 11 Applicants who wish to import natural rubber by means of processing trade shall present the Processing Trade Permit approved by foreign trade authorities in their applications.

Article 12 Import Quotas for natural rubber shall be implemented as from January 1 of each year, and the Certificate shall be valid within the period of one calendar year.

Article 13 End-users shall present the Notice and applicable contracts to receive Certificate A from the Authorized Agencies; enterprises engaging in business of processing trade shall present the Processing Trade Permit to receive Certificate B from the Authorized Agencies.

The Authorized Agencies shall grant Certificate A or Certificate B to end-users within 5 working days, exceptionally within 10 working days, and shall stamp the Special Seal for the Certificate of Import Quotas of Agricultural Products.

Article 14 Authorities of administration of import licence under MOFTEC shall grant the import licence for natural rubber in line with the Certificate A granted by the Authorized Agencies.

Article 15 Importers of natural rubber shall, by presenting the import licences, proceed with the Customs with customs-clearing procedures, with the exceptions of the importation through processing trade and to bonded warehouses, bonded zones and export-processing zones.

Article 16 Importers engaging in business of processing trade shall, by presenting the Processing Trade Permit and Certificate B, provide with the processing trade contracts to the Customs for the latter filling purpose.

Article 17 In the event that end-users are unable to contract out all allocated quotas within the same year of allocation made, they shall, prior to September 1 of the year, return the unused quota for natural rubber and the original copy of the Notice to the Authorized Agencies initially granted the Certificate.

Article 18 If there exists eligible applicants who failed to acquire quotas at the first time, the Authorized Agencies shall promptly reallocate the returned quotas, or in the circumstances where they receive applications, reallocate the returned quotas within 10 business days after receiving the applications.

Article 19 Enterprises engaging in processing trade shall process and re-export natural rubber pursuant to applicable stipulations. In the event that they fail to execute import contracts due to particular causes and need to sell on the domestic market the bonded natural rubber imported under the inward processing program or products made from such natural rubbers, they shall, within the validity of import contracts, submit an application for domestic sales to the foreign trade authorities at provincial level. These authorities, in collaboration with the Authorized Agencies, shall examine the applications and report to MOFTEC for approval. Upon the approval by MOFTEC, applicants engaging in processing trade shall receive a Permit for Domestic Sales of Bonded Materials and Components Imported Under the Inward Processing Program (hereinafter "the Permit for Domestic Sales") from the foreign trade authorities at provincial level. The enterprises shall present such permit to apply for Certificate A and import licences in accordance with the conditions of application for quotas for General Trade and the procedures stipulated in Articles 13, 14 and 18. Upon the receipt of Certificate A, the enterprises shall return the Certificate B in their possession.

- 1) The Customs shall proceed the cancellation of the applicable processing trade contracts, after imposing taxes and interest on deferred payment of taxes upon the imported natural rubber pursuant to the relevant provisions, provided that the enterprises present the Permit for Domestic Sales, Certificate A and import licences within the prescribed period for the cancellation.
- 2) In the event that the enterprises engaging in business of processing trade have acquired the Permit for Domestic Sales but failed to obtain Certificate A and the import licences, the Customs shall proceed the cancellation of applicable processing trade contracts, after imposing taxes and interest on deferred payment of taxes as well as imposing a fine equivalent to 30% value of the imported natural rubber upon such natural rubber pursuant to the relevant provisions, provided that the enterprises present the Permit for Domestic Sales and Certificate B within the prescribed period for the cancellation.
- 3) In the event that the enterprises engaging in business of processing trade failed to obtain the Permit for Domestic Sales , Certificate A and the import licences, the Customs shall proceed the cancellation of applicable processing trade contracts, after imposing taxes and interest on deferred payment of taxes as well as imposing a fine equivalent to 50% value of the imported natural rubber upon such natural rubber pursuant to the relevant provisions, provided that the enterprises present Certificate B within the prescribed period for the cancellation.

Article 20 In the event that the enterprises engaging in business of processing trade sell bonded natural rubber or products thereof without permission, the Customs shall treat such actions as smuggling.

Article 21 Operation of the importation of natural rubber shall be carried out in line with the Measures for Administration of Designated Operation of Imports enacted by MOFTEC.

Article 22 Purchase of foreign exchanges for importation of natural rubber shall be made in accordance with applicable provisions.

Article 23 Firms undertaking such actions as fabricating, altering, selling or buying the Certificate shall be criminally liable in accordance with the provisions of the Criminal Law concerning punishment for crimes of fabricating, altering, selling or buying governmental documents, certificates and seals. Their Certificates shall be revoked. SDPC and the Authorized Agencies shall not accept their applications for quotas. If the firms' actions are deemed not to constitute crime, their Certificate shall be revoked. SDPC and the Authorized Agencies shall not accept their applications for quotas.

Article 24 In the event that firms received the Certificate by fraud and fabricating import contracts and relevant materials, their Certificate shall be revoked pursuant to law and the Authorized Agencies shall not accept their applications for quotas.

Article 25 Certificate A, Certificate B and the Special Seal for Import Quotas of Agricultural Products shall be made under the uniform supervision of SDPC.

Annex 1 List of the agencies authorized by SDPC (Authorized Agencies).

Annex 2 the Certificate of Import Quotas for Natural Rubber, Type A (Certificate A)

Annex 3 the Certificate of Import Quotas for Natural Rubber , Type B(Certificate B)

Annex 4 the Notice on the Allotment of Natural Rubber Import Quotas

**DECREE OF THE STATE DEVELOPMENT PLANNING COMMITTEE OF
THE PEOPLE'S REPUBLIC OF CHINA**

No.2, 2002

In accordance with the Interim Measures for the Administration of Import Tariff Rate Quota of Agricultural Products, the Implementation Rules on the Administration of Import Tariff Rate Quota for Wool and Wool Tops of 2002 are hereby promulgated and shall come into effect as from March 5, 2002.

Issued by

State Development Planning Committee

On February 7, 2002

**THE IMPLEMENTATION RULES ON THE ADMINISTRATION
OF IMPORT TARIFF RATE QUOTA OF WOOL AND WOOL TOPS OF 2002**

Article 1 To implement the administration of import tariff quotas of wool and wool tops (herein after “WWP TRQs”), the Implementation Rules on the Administration of Import Tariff Rate Quota of Wool and Wool Tops of 2002 (hereinafter “the Implementation Rules”) below are set forth in line with the Interim Measures for the Administration of Import Tariff Rate Quota of Agricultural Products.

Article 2 WWP TRQs shall be categorized into two types as Type A and Type B. Type A shall apply to wools and wool tops imported through general trade, donations, barter trade and small amount frontier trade; Type B shall apply to wools and wool tops imported by means of processing trade. Wools and wool tops imported to bonded zones and export-processing zones under processing trade program shall not be subject to WWP TRQs.

Article 3 The principle of “ first come, first serve” shall be used on a trial basis in the allocation of WWP TRQs in 2002. Applicants shall apply for WWP TRQs by presenting applicable contracts and materials. Under the principle of “fist come, first serve”, SDPC shall grant the Certificate of Import Tariff Rate Quotas for Agricultural Products, Type A (hereinafter “Certificate A”) or the Certificate of Import Tariff Rate Quotas for Agricultural Products, Type B (hereinafter “Certificate B”, and “the Certificates” refer to both Certificate A and Certificate B) to eligible applicants according to the specific conditions of such applicants. When the allocated amount accumulate up to the total amount of WWP TRQs for 2002, applications shall not be accepted any more.

Article 4 The total amount of WWP TRQs for wool in 2002 is 264, 500 tons, including 94, 500 tons of wool subject to processing trade; The total amount of WWP TRQs for wool tops in 2002 is 72, 500 tons, including 20,000 tons of wool tops subject to processing trade.

Article 5 Eligibility for applicants for WWP TRQs imported through general trade

- 1) Manufacturing enterprises and traders who have acquired WWP TRQs and have had satisfying performance in 2001 and 2002 (hereinafter “Applicants with Actual Performance);
- 2) Manufacturing enterprises who failed to acquire WWP TRQs in 2000 and 2001 but use wool and wool tops as materials and achieve annual sales of or above RMB 50 millions yuan, as well as enterprises designated by MOFTEC to engage in import of wool and wool tops (hereinafter “ Applicants without Actual Performance).

Article 6 Application Requirements for Certificates (A and B)

- 1) Firms that have Registration of incorporation with the State Administration of Industry and Commerce prior to January 1, 2002;
- 2) Firms that have sound financial conditions and good record of tax payment;

- 3) Firms that have no records of unlawful acts at the Customs and the authorities responsible for industry and commerce, product inspection and quarantine and taxation during 1999-2001;
- 4) Firms that have passed the 2001 annual inspection conducted by the administration of industry and commerce.

Article 7 Pursuant to the territorial jurisdiction, applicants shall present import contract of wool and wool tops to apply for WWP TRQs of Type A to local agencies authorized by SDPC (hereinafter “ the Authorized Agencies”). Applicants shall fill out the Application Form for Import Tariff Rate Quotas of Type A for Wools and Wool Tops (attached as Annex 1) and provide relevant proof and materials.

Article 8 Applicants applying for WWP TRQs of Type A may submit numerous applications successively within one year but shall be subject to the quantity restrictions set forth below:

- 1) In the case of Applicants with Actual Performance, the accumulated amount of WWP TRQs the applied for the whole year of 2002 shall not exceed their annual average quantity of actual import of wool and wool tops in both 2001 and 2002 (excluding imports through agents), with the exceptions that manufacturing enterprises whose import failed to reach 100 tons of annual average quantity of imports in both 2000 and 2001 may apply for 100 tons at most, and that enterprises designated by MOFTEC whose import failed to reach 200 tons of annual average quantity of imports in both 2000 and 2001 may apply for 200 tons at most.
- 2) In the case of Applicants without Actual Performance, the amount of WWP TRQs applied for the whole year of 2002 for manufacturing enterprises shall not exceed 100 tons and for designated enterprises shall not exceed 200 tons.

Article 9 End users of wool and wool tops (hereinafter “end users”), which acquired WWP TRQs of Type A and made importation by using up all quantity set in Article 8 prior to Sept 30, 2002, may apply to SDPC for additional WWP TRQs after Sept. 30, 2002. SDPC shall grant such end users complementary WWP TRQs, taking into account the amount applied and remaining WWP TRQs in SDPC’s possession.

Article 10 After receiving the applications for WWP TRQs of Type A, the Authorized Agencies shall promptly report those applications satisfying the requirements set forth in Articles 5 and 6 to SDPC by linking to the computer network of SDPC. Sequences of the applications shall be identified in accordance with the report time of the applications shown on the network terminal of SDPC. Further Applications shall not be accepted when the remaining WWP TRQs become zero as shown on the terminal.

Article 11 SDPC shall review such applications provided by the Authorized Agencies and notify them of the results within 5 working days.

Article 12 Upon receiving the notice on approval of WWP TRQs of Type A for qualified applicants, the Authorized Agencies shall grant Certificate A bearing the amount of WWP TRQs approved by SDPC to such applicants.

Article 13 The Certificates shall be valid for three months as from the date of issuance. In the event that end users fail to import wool and wool tops within such period, they shall apply for extension to the Authorized Agencies by presenting the original copies of bill of lading. The Authorized agencies after verifying the bills of lading may grant the extension for one time, with a maximum extra period of 45 days.

Article 14 The validity of the Certificates of 2002 shall be expired on December 31, 2002. For the shipment dispatching from the departure port prior to December 31, 2002, but arriving the destination port in the subsequent year, end users shall, prior to December 31, 2002, apply for extension of the Certificates to the Authorized Agencies that initially granted the Certificates by presenting of relevant proof. The Authorized Agencies may grant the extension with a maximum till February 15 of the subsequent year.

Article 15 Enterprises engaging in business of processing trade shall apply for Certificate B to the Authorized Agencies located in their regions by presenting Processing Trade Permit issued by foreign trade authorities at the provincial level and other applicable materials prescribed in Article 6.

Article 16 Upon reviewing such applications prescribed in Article 15, the Authorized Agencies shall grant Certificate B to eligible applicants within 5 working days, provided that WWP TRQs for imports under processing trade are still available. The validity and its expiration of Certificate B shall be the same as set forth in Articles 13 and 14.

Article 17 In the event that end users fail to use the granted WWP TRQs within the period of validity of the relevant Certificates, SDPC shall revoke such WWP TRQs and add them to remaining WWP TRQs in its possession.

Article 18 In the event that end users fail to import wool and wool tops and fail to present the bills of lading within the period of validity of the relevant Certificates, SDPC shall not accept their further applications for WWP TRQs within the year.

Article 19 Enterprises undertaking such actions as acquiring Certificate by fraud and fabricating contracts or proofs shall be penalized pursuant to applicable provisions set forth in the Interim Measures for the Administration of Import Tariff Rate Quota of Agricultural Products.

Article 20 Within 20 days upon customs clearance for imports, end users shall present the first copy (for handling the customs formalities by consignee) of duplicated copies of Certificates bearing the seal of the Customs and copies of the Customs Declaration to the Authorized Agencies which initially granted the Certificate. Article 18 shall apply to those end users failed to do so.

Article 21 End users that have acquired WWP TRQs shall import wool and wool tops through the enterprises designated by MOFTEC to engage in the imports.

Article 22 The Implementation Rules shall be subject to interpretation by SDPC.

Annex 1: Application Form for Import TRQs for Wool and Wool Tops of Type A

**DECREE OF THE STATE DEVELOPMENT PLANNING COMMITTEE OF
THE PEOPLE'S REPUBLIC OF CHINA**

No.1, 2002

In accordance with the Interim Measures for the Administration of Import Tariff Rate Quota of Agricultural Products, the Quantity, Conditions of Application and Allocation Methods of Import Tariff Rate Quota of Important Agricultural Products of 2002 are hereby promulgated and shall come into effect as from February 10, 2002.

Issued by

State Development Planning Committee

On February 7, 2002

THE QUANTITY, CONDITIONS OF APPLICATION AND ALLOCATION METHODS OF IMPORT TARIFF QUOTA OF IMPORTANT AGRICULTURAL PRODUCTS OF 2002

In accordance with the Interim Measures for the Administration of Import Tariff Rate Quota of Agricultural Products, the quantity, conditions of application and allocation methods of import tariff rate quota (TRQ) of important agricultural products of 2002 such as wheat, corn, rice, palm oil, soybean oil, rape-seed oil, sugar, cotton, wool and wool tops of 2002 are hereby published

1. The quantity of TRQ for important agricultural products of 2002 are as follows: 8,468, 000 tons for wheat, including 90% amount subject to state trading; 5, 850, 000 tons for corn, including 68% amount subject to state trading; 3,990, 000 tons for rice (long grain 1,995, 000 tons, short and medium grain 1,995, 000 tons), including 50% amount subject to state trading; 2, 400, 000 tons for palm oil, including 34% amount subject to state trading; 2, 518, 000 tons for soybean oil, including 34% amount subject to state trading; 879, 000 tons for rape-seed oil, including 34% amount subject to state trading; 1, 764, 000 tons for sugar, including 70% amount subject to state trading; and 818, 500 tons for cottons, including 33% amount subject to state trading.
2. Import TRQs for agricultural products (hereinafter "Import TRQs") shall be categorized into two types as Type A and Type B. Type A shall apply to imports through general trade (all trade methods excluding processing trade); Type B shall apply to imports through processing trade. Commodities, subject to import TRQs administration, imported to bonded areas and export-processing zones through processing trade shall be exempt from applying for the certificate of import TRQs for agricultural products.
3. Basic conditions for applicants applying for import TRQs are: registration of incorporation with the state administration of industry and commerce prior to January 1, 2002 (the duplicate of business licence is required); sound financial conditions and good record of tax payment (relevant information for 2001 is required); no records of unlawful acts at the Customs and authorities responsible for industry and commerce, product inspection and quarantine and taxation during 1999-2001; annual inspection of 2001 conducted by the state administration of industry and commerce.

In addition to forgoing conditions, applicants applying for import TRQs for general trade shall satisfy one of requirements set forth as follows:

- 1) In the case of wheat:
 - a) Applicants are state trading enterprises;
 - b) Applicants are national enterprises with the function of grain reserve;
 - c) Applicants are enterprises possessing actual performance in import through general trade in 2001; or
 - d) Applicants are production enterprises with the capacity of processing wheat of or above 400 tons per day.

- 2) In the case of corn:
 - a) Applicants are state trading enterprises;
 - b) Applicants are national enterprises with the function of grain reserve;
 - c) Applicants are enterprises possessing actual performance in import through general trade in 2001;
 - d) Enterprises produced mixed feeds by using corn of or above 50,000 tons per year ; or
 - e) Other enterprises that need corn per year of or above 100,000 tons as materials.

- 3) In the case of rice (long grain or other grains shall be subject to separate applications)
 - a) Applicants are state trading enterprises;
 - b) Applicants are national enterprises with the function of grain reserve;
 - c) Applicants are enterprises possessing actual performance in import through general trade in 2001;
 - d) Applicants are qualified wholesalers with annual sales of or above RMB 0.2 billion yuan of grains; or
 - e) Applicants are traders with annual import and/or export value of grains of or above USD 50 million.

- 4) In the case of palm oil
 - a) Applicants are state trading enterprises;
 - b) Applicants are national enterprises with the function of state reserve;
 - c) Applicants are enterprises possessing actual performance in import through general trade in 2001 (enterprises of chemical industry and production enterprises using palm stearin as materials shall not be subject to such requirement); or
 - d) Applicants are food production enterprises using palm oil as the direct materials of or above 3, 000 tons per year.

- 5) In the case of soybean oil
 - a) Applicants are state trading enterprises;
 - b) Applicants are national enterprises with the function of state reserve;
 - c) Applicants are enterprises possessing actual performance in import through general trade in 2001; or
 - d) Applicants are enterprises processing refined soybean oil with daily processing capacity of or above 200 tons of raw soybean oil.

- 6) In the case of rape-seed oil
 - a) Applicants are state trading enterprises;
 - b) Applicants are national enterprises with the function of state reserve;
 - c) Applicants are enterprises possessing actual performance in import through general trade in 2001; or

- d) Applicants are enterprises processing refined rape-seed oil with daily processing capacity of or above 200 tons of raw rape-seed oil.
- 7) In the case of sugar
 - a) Applicants are state trading enterprises;
 - b) Applicants are national enterprises with the function of state reserve;
 - c) Applicants are enterprises possessing actual performance in import through general trade in 2001; or
 - d) Applicants are sugar producers with daily processing capacity of or above 800 tons (in the case of beet sugar, 600 tons) of raw sugar.
 - 8) In the case of cotton
 - a) Applicants are state trading enterprises;
 - b) Applicants are national enterprises with the function of state reserve;
 - c) Applicants are enterprises possessing actual performance in import through general trade in 2001; or
 - d) Applicants are cotton spinning enterprisers with spinning equipments of or above 50,000 spindles.
4. Import TRQs for general trade (Type A) shall be allocated basically according to applicants' historical performances, processing capacities as well as experience and capacity in production, importation, sale or services in international markets. The allocation methods set forth below shall also be applied:
 - 1) In the event that the total volume of import TRQs for non-state trading (Type A) is sufficient to satisfy the requests of all eligible applicants, the amount of import TRQ shall be allocated as they had applied for.
 - 2) In the event that the total volume of import TRQs for non-state trading (Type A) is not sufficient to satisfy the requests of all eligible applicants, applicants with actual import performance shall have priorities in acquiring import TRQs (Type A). In the case of applicants without actual import performance, proper volume of import TRQs (Type A) shall be allocated proportionally to them mainly based on their processing capacities or business amount. If such applicants have applied for the volume less than that allocated proportionally, the volume applied shall be allocated to them in line with their application. In the event that the amount allocated proportionately is too small for the applicants without actual import performance, import TRQs will not be allocated.
5. Applicants applying for import TRQs for processing trade (Type B) shall apply to local agencies authorized by SDPC and receive the Certificate of Import Tariff Rate Quotas for Agricultural Products, Type B from such agencies in accordance with territorial jurisdiction.

6. The Period of Application for import TRQs for agricultural products of 2002 shall start from the promulgation date of this decree to February 21, 2002. Applicants applying for import TRQs for general trade (Type A) shall receive from agencies authorized by SDPC (or download and print out from the China Economic Information Network) and fill out the Application Form for Import Tariff Rate Quotas for Agricultural Products, Type A (attached as Annex 1). Agencies authorized by SDPC shall accept applications within their respective mandates.

Agencies authorized by SDPC shall report eligible applications to SDPC prior to February 25, 2002. SDPC will send the Notice on the Arrangements for Import Tariff Rate Quotas for Agricultural Products to end-users prior to March 5, 2002.

7. The allocation of wool and wool tops shall apply the principle of “first come, first serve”. For detailed conditions and procedures of applications, please see the Implementation Rules for Import Tariff Rate Quota for Wool and Wool Tops of 2002.

Annex 1: Application Form for Import Tariff Rate Quotas for Agricultural Products, Type A

**DECREE OF THE STATE DEVELOPMENT PLANNING COMMISSION
OF THE PEOPLE'S REPUBLIC OF CHINA**

No.19

In accordance with the Foreign Trade Law of the People's Republic of China and the Regulation on the Administration of Import and Export of Goods of the People's Republic of China, the Interim Measures for the Administration of Import Tariff Rate Quota for Agricultural Products are herewith promulgated and shall come into effect as from February 5, 2002.

Issued by

Zeng Peiyan

Director of the State Development Planning Committee

On January 30, 2002

INTERIM MEASURES FOR THE ADMINISTRATION OF IMPORT TARIFF RATE QUOTA FOR AGRICULTURAL PRODUCTS

Chapter 1 General Principles

Article 1 In order to implement effective administration of import tariff rate quotas for agricultural products and establish a uniform, fair, impartial, transparent, predictable and non-discriminatory administrative system of import tariff rate quotas for agricultural products, the Interim Measures for the Administration of Import Tariff Rate Quota for Agricultural Products (hereinafter “the Interim Measures”) below are set forth in line with the Foreign Trade Law of the People’s Republic of China and the Rules on the Administration of Import and Export of Goods of the People’s Republic of China.

Article 2 In accordance with the TRQ volume committed by China in the Schedule of Concessions on Goods for China’s accession to the World Trade Organization, the national authorities concerned shall determine the annual volume of agricultural products subject to import TRQ administration for market access within one calendar year. Import of agricultural products within TRQs shall be subject to in-quota tariff rate, and import out of TRQs shall be subject to out-of-quota tariff rates. Tariff rate for overfilled portions or shortfalls shall be determined in line with relevant provisions.

Article 3 Agricultural products subject to import TRQ administration are as follows: wheat, corn, rice, soybean oil, rape-seed oil, palm oil, sugar, cotton, wool and wool tops. Specific varieties and tariff headings will be published otherwise.

Article 4 The import TRQs for wheat, corn, rice, soybean oil, rape-seed oil, palm oil, sugar and cotton shall be categorized into two types as state trading import TRQs and non-state trading import TRQs. Agricultural products subject to state trading import TRQs shall be imported through state trading enterprises; agricultural products subject to non-state trading import TRQs shall be imported through state trading enterprises or non-state trading enterprises possessing trading right, tender users with trading right may also import such products directly by themselves.

The import of wool and wool tops shall be subject to designated trading, which shall be conducted pursuant to the Administration Measures for the Designated Trading of Import of Goods stipulated by the Ministry of Foreign Trade and Economic Cooperation (hereinafter “MOFTEC”).

Article 5 Import TRQ of agricultural products shall be global quota.

Article 6 Import TRQ is subject to uniform administration regardless of whatever means have products been imported. All products prescribed in Article 3 shall be subject to import TRQ administration.

Article 7 Import TRQs for agricultural products shall be under the uniform administration by the State Development Planning Commission (hereinafter “SDPC”).

Article 8 Agencies authorized by SDPC (hereinafter “the Authorized Agencies”) shall be responsible for followings:

- 1) To accept applications and forward them to SPDC;
- 2) To accept enquires and forward them to SPDC;
- 3) To examine applications so as to check if they satisfy the published requirements;
- 4) To notify applicants of any defects in their applications and offer them opportunities to rectification;
- 5) To notify applicants of the decisions of SDPC on allocation and reallocation of import TRQs; and
- 6) To grant the Certificate of Import Tariff Rate Quotas for Agricultural Products (hereinafter “the Certificate”) to approved applicants.

A list of Authorized Agencies is attached as Annex 1.

Article 9 The Certificate shall be categorized into two types as Certificate A and Certificate B. Certificate A (attached as Annex 2) shall apply to agricultural products imported by means of general trade, barter trade, small amount frontier trade, gratuitous aids and donations (excluding processing trade); Certificate B (attached as Annex 3) shall apply to agricultural products imported through processing trade.

Agricultural Products imported to bonded warehouses, bonded areas and export-processing areas shall be exempt from acquiring the Certificate.

Chapter 2 Application

Article 10 The application period for Certificate A shall be from October 15 to October 30 of each year (except as import TRQs are allocated under the principle of “first come, first serve”). One month prior to the application period, SDPC will publicize the total volume of import TRQs for each agricultural product for the next year and the specific conditions for application, as well as tariff headings and tariff rate for imports in and out of TRQs decided by the Tariff Committee under the State Council, on China Economic Herald, International Business Daily , China Economic Information Network (<http://www.cei.gov.cn/>) and the official website of SDPC (<http://www.sdpc.gov.cn>)

Article 11 The Authorized Agencies shall accept applications for import TRQs within their respective mandates.

Article 12 The Authorized Agencies shall examine applications and relevant materials submitted by applicants according to the proclaimed conditions and shall forward eligible applications to SDPC prior to November 30 of each year.

Article 13 In the case of applicants applying for import TRQs for processing trade, their processing trade contracts shall be approved by MOFTEC and they shall acquire the Processing Trade Permit (hereinafter “the Permit”) from MOFTEC. Such applicants shall apply for import TRQs by presenting the Permit.

Chapter 2 Allocation

Article 14 Import TRQs for general trade shall be allocated in light of the volumes for which applicants have applied, previous import performance and production capacity of applicants or other applicable commercial standards, or under the principle of “first come, first serve”. The minimum allocation shall be identified in light of the commercially-practicable shipment quantity for each commodity.

Article 15 Applicants for import TRQs for processing trade shall acquire the quota by presenting the Permit.

Article 16 SDPC shall notify the end users of the allocation of import TRQs for agricultural products for general trade in the form of the Notice on the Arrangements for Import Tariff Rate Quotas for Agricultural Products (the format is attached as Annex 4, hereinafter “the Notice”) (except import TRQs for processing trade and import TRQs allocated under the principle of “first come, first serve”) prior to January 1 of each year. Import TRQs for state trading shall be identified in the Notice.

Article 17 End users shall present the Notice (except import TRQs allocated under the principle of “first come, first serve”) and import contracts to receive Certificate A from the Authorized Agencies; enterprises engaging in business of processing trade shall present the Permit to receive Certificate B from the Authorized Agencies.

The Authorized Agencies shall grant Certificate A or Certificate B to end users or applicants engaging in business of processing trade by with stamp of Special Seal for Import Quotas of Agricultural Products on the Certificate within 5 working days, exceptionally with a maximum of 10 working days.

The Authorized Agencies shall promptly make a copy for the foreign trade authorities at the same level with regard to the issuance of the Certificate.

Chapter 4 Duration of the Certificate

Article 18 Import TRQs in the Certificate shall come into effect as from January 1 of each year and such import TRQs shall be valid within the calendar year. Certificate A shall be valid from the

date of issuance to December 31 of the same year. The duration of the Certificate received under the principle of "first come, first serve" shall be determined by the relevant published implementation rules.

Certificate B shall be valid within the duration set forth in the Permit. Import TRQ holders that for special reasons need to renew the duration of Certificate B shall apply for extension by presenting the Permit and such extension shall be granted only for once.

In the event that the duration of the Permit cross the year, import TRQ holders shall replace the Certificate B for the next year from the Authorized Agencies which initially granted the Certificate B prior to December 31 of the current year.

Article 19 In the case of agricultural products subject to import TRQs dispatching from the port of departure prior to December 31 of a given year and arriving at the port of destination in next year, end users shall apply for extension of the relevant Certificate to the Authorized Agencies which initially granted the Certificate by presenting the original Certificate and relevant proof prior to December 31 of the given year. The Authorized Agencies may, after verification of the application, grant an extension of the duration of the Certificate concerned to, with a maximum, February 15 of the next year.

Chapter 5 Enforcement

Article 20 End users may by themselves or retain agents to sign import contracts in accordance with the provisions with respect to the import of relevant commodities.

Article 21 Enterprises engaging in business of processing trade shall report the Customs for latter filing purpose by presenting the Permit and the Certificate B. They shall re-export the imported products and shall not be permitted to sell such products in the domestic market. In case they fail to process and re-export within the timeframe, they shall, within 30 days after expiration of the contract of processing trade proceed the procedures of cancellation of the contract. The Customs shall impose tariff duties at out-of-quota rate.

Article 22 Certificates A and B are subject to principle of "one certificate, several shipments", *i.e.*, if the end users need to import products under one contract in several batches of shipment, they shall proceed clearance procedures at the Customs for each batch of shipment by presenting Certificate A or Certificate B they have obtained. If products need to be imported in more than 12 bathes of shipment within a given calendar year, end users shall replace their Certificate.

Article 23 Agricultural Products subject to import TRQs, which have imported to bonded warehouses, bonded areas and export-processing areas shall be inspected, released and supervised by the Customs pursuant to current applicable regulations.

Article 24 Within 20 working days after customs clearance, end users shall provide to the Authorized Agencies which initially granted the Certificate A bearing the seal of the Customs or the first copy of duplicated copies of Certificate B (for handling the customs formalities by consignee).

Chapter 6 Adjustment

Article 25 In the event that an end user holding the import TRQs allocated for state trading fail to sign import contracts before August 15 of a given year, the end user may, upon SDPC's approval, retain a non-state trading enterprise with trading right as its agent to import, or import the products directly by itself if it has trading right. Without approval, end users shall not retain non-state trading enterprises to import the products, or import the products directly by itself.

Article 26 In the event that end users possessing import TRQs for general trade (Certificate A) fail to sign contracts for importation of products subject to TRQs which they have acquired within a given year, or despite contracts signed, fail to import all products subject to the TRQs they held within the given year, they shall return unused import TRQs in their possession and the original copies of the Notice to the Authorized Agencies which initially granted the Certificate A prior to September 15 of the given year.

In the event that enterprises possessing import TRQs for processing trade (Certificate B) fail to import the products, whether in whole or in part, within the prescribed timeframe, they shall promptly return the Certificate B in their possession to the Authorized Agencies which initially granted the Certificate B. The Authorized Agencies shall consolidate all unused import TRQs and report to SDPC for reallocation.

Article 27 The Authorized Agencies shall forward applications for reallocation of unused import TRQs to SDPC. The application period for reallocation shall start from September 1 to September 15 of each year (except import TRQs allocated under the principle of "first come, first serve" or import TRQs for processing trade). One month prior to the application period, SDPC will publicize the specific conditions for applications for reallocation on China Economic Herald, International Business Daily, China Economic Information Network (<http://www.cei.gov.cn/>) and the official website of SDPC (<http://www.sdpc.gov.cn/>).

Article 28 End users who failed to use up the import TRQs for general trade which they have acquired and have returned unused import TRQs and the original copies of the Notice (where applicable), may not apply for reallocation of the unused import TRQs of the given year.

Article 29 SDPC will reallocate the unused import TRQs to end users prior to September 30 of each year (except as import TRQs allocated under the principle of "first come, first serve" or import TRQs for processing trade). The unused import TRQs shall be reallocated under the principle of "first come, first serve" in light of the published application conditions. Enterprises engaging in business of processing trade shall apply for reallocation by presenting the Permit.

Article 30 SDPC will notify end users of the amount of unused import TRQs reallocated to them in the form of the Notice (except as import TRQs allocated under the principle of “first come, first serve” or import TRQs for processing trade). End users shall proceed the relevant procedures in accordance with the provisions of Articles 17, 18, 19, 20 and 22.

Chapter 7 Provisions of Penalty

Article 31 In the event that the enterprises engaging in business of processing trade sell imported bonded materials and components or products thereof in domestic market without permission, the Customs shall treat such acts as smuggling.

Article 32 Firms undertaking such actions as fabricating, altering, selling or buying the Certificate shall be criminally liable in accordance with the provisions of the Criminal Law concerning punishment for crimes of fabricating, altering, selling or buying governmental documents, certificates and seals. SDPC shall not accept the applications for quotas within two years submitted by end users holding TRQs and undertaking the foregoing actions.

Article 33 In the event that firms received the Certificate by fraud and fabricating import contracts and relevant materials, their Certificate shall be revoked pursuant to law and SDPC shall not accept their applications for quotas within two years.

Article 34 In the event that end users possessing import TRQs for general trade violate Article 26, fail to use up the import TRQs they have acquired within a given year and fail to return the unused import TRQs to the Authorized Agencies which initially granted the Certificate A prior to September 15 of the year, certain portion of TRQ to be allocated to them next year shall be deducted from their import TRQs for the next year in proportion to their unused import TRQs in the previous year.

In the event that end users possessing import TRQs for processing trade violate Article 26 and fail to return the unused import TRQs in their possession to the Authorized Agencies which initially granted the Certificate B prior to the expiration the Certificate B , certain portion of TRQs to be allocated to them next year shall be deducted from their import TRQs in the next allocation in proportion to their unused import TRQs in the previous allocation.

Article 35 In the case of end users possessing import TRQs for general trade who failed to use up the import TRQs they have acquired for two consecutive years, but have returned the unused import TRQs in their possession to the Authorized Agencies which initially granted the Certificate A prior to September 15 of each year, certain portion of TRQs to be allocated to them next year shall be deducted from their import TRQs for the next year in proportion to their unused import TRQs in the previous year.

Article 36 In the event that end users violate Article 24 and fail to submit the first copy (for handling the customs formalities by consignees) of the duplicated copies of Certificate A or Certificate B bearing the seal of the Customs or copies of the Customs Declaration to the Authorized Agencies which initially granted the Certificate, the end users shall be deemed not to make the full importation of products and their import TRQs for the next year shall be reduced proportionally.

Article 37 In the case of importation of products subject to import TRQs by smuggling, the amount of the dodged tariffs shall be calculated at out-of-quota tariff rate. Firms undertaking the actions of smuggling shall be punished in line with relevant laws and administration regulations.

Chapter Supplementary Provisions

Article 38 Enquires concerning allocation and reallocation of TRQs shall be addressed in writing to SDPC or the Authorized Agencies. SDPC or the Authorized Agencies shall give replies within 10 working days.

Article 39 Certificate A, Certificate B and the Special Seal for Import Quotas of Agricultural Products shall be made under the uniform supervision of SDPC.

Article 40 Characters on the Certificate shall be printed through computers. The characters shall not be altered.

In the event that end users need to change the Certificate A in their possession about codes of commodities, countries (regions) of origin and ports of entry, they shall apply for such changes to the Authorized Agencies which initially granted the Certificate A by presenting the Certificate A. The Authorized Agencies shall examine the Certificate A and stamp the Special Seal for Import Quotas of Agricultural Products for the end users within 5 working days upon application. The old Certificate A shall be revoked accordingly.

The items of importers, processing enterprises, expiration date, commodity names and quantities of Certificate B shall not be altered.

Article 41 Purchase of foreign exchanges for the import of products subject to import TRQs shall be conducted in line with the relevant provisions.

Article 42 For the purpose of this Interim Measures, "State Trading Enterprises" are hereby defined as enterprises possessing exclusive or special privileges granted by the government in the importation of certain products. The list of state trading enterprises have been confirmed and published by MOFTEC.

Article 43 For the purpose of this Interim Measures, “End users” are hereby defined as production enterprises, traders, wholesalers and distributors who have directly acquired import TRQs for agricultural products.

Annex 1 List of the Agencies Authorized by SDPC (Authorized Agencies).

Annex 2 Certificate of Import Tariff Rate Quotas for Agricultural Products, Type A (Certificate A)

Annex 3 Certificate of Import Tariff Rate Quotas for Agricultural Products, Type B(Certificate B)

Annex 4 Notice on the Arrangement for Import Tariff Rate Quotas for Agricultural Products

**DECREE OF
THE STATE ECONOMIC AND TRADE COMMISSION
AND THE CUSTOMS GENERAL ADMINISTRATION
OF THE PEOPLE'S REPUBLIC OF CHINA**

No.26

In accordance with the Regulations on the Administration of Import and Export of Goods of the People's Republic of China, the Implementation Rules on the Administration of Automatic Import Licensing of Important Industrial Products drafted by the State Economic and Trade Commission in collaboration with the Customs General Administration are herewith promulgated,. The Rules come into effect on February 1, 2002.

Issued by

Li Rongrong
Minister of the State Economic and Trade Commission

Mu Xinheng
Director-General of the Customs General Administration

On January 15, 2002

IMPLEMENTATION RULES ON THE ADMINISTRATION OF AUTOMATIC IMPORT LICENSING OF IMPORTANT INDUSTRIAL PRODUCTS

Article 1 To administer automatic import licensing of important industrial products and promote fair trade, the Implementation Rules below are set forth in line with the Regulations on the Administration of Import and Export of Goods of the People's Republic of China.

Article 2 The Implementation Rules shall apply to the import of all important industrial products with the exception of followings:

- 1) Products of which import are prohibited by the State;
- 2) Products which are under the import quantity restrictions by the State;
- 3) Products imported under the processing programs by using client's materials or materials imported from suppliers outside China (except crude oil);
- 4) Products imported to bonded areas and export-processing zones of the People's Republic of China;
- 5) Other circumstances provided by laws or administration regulations.

Article 3 In collaboration with the relevant ministries under the State Council, the State Economic and Trade Commission (hereinafter "SETC") has the authority to decide, amend and publish the list of import industrial products subject to automatic import licensing as well as to collect, analyze and monitor the import of the products. A list of tariff headings of important industrial products subject to automatic import licensing is attached as Annex 1.

The economic and trade commissions authorized by SETC at the level of the various provinces, autonomous regions, municipalities directly under the central government and those with independent budgetary status, and authorities designated by relevant ministries directly under the State Council are responsible for, within their respective mandates and under the guidance of SETC, administration of the matters of import of important industrial products subject to automatic import licensing.

A list of agencies authorized by SETC to administer the import of important industrial products subject to automatic import licensing is attached as Annex 2.

In the event that the above list is revised, the revised list shall be published 21 days before it takes effect.

Article 4 Applicants for automatic import licensing shall provide the followings:

- (1) Application Form for Automatic Import Licensing of Important industrial products;
- (2) A Photocopy of the document(s) from the authorities concerned verifying the business scope of the applicants covered the import of products;
- (3) Contracts signed by importers;

(4) Other necessary documents required by SEPC.

Article 5 Important industrial products imported through the methods set forth below shall be subject to automatic import licensing procedure: 1. the importing through general trade; 2. the importing by means of loans from foreign governments and financial institutions; 3. the importing through consignment trade; 4. the importing through the trade on leasing projects; 5. the importing through barter trade; 6. the importing by means of international tendering; 7. the importing through counter trade by labour services; 8. the importing through donations; 9. the importing through small amount frontier trade; 10. the importing for the production of domestically-sold products by foreign-invested enterprises; 11. crude oil imported through processing trade.

Products imported as samples or for advertising purposes, or imported by foreign-invested enterprises for their investing purposes shall be exempt from the automatic import licences. Products subject to automatic import licensing which imported under the processing trade programs by using client's materials or importing materials from suppliers outside China directly for processing and re-export purposes, shall be under supervision and administration by the Customs.

Article 6 Application Procedures for Automatic Import Licensing

- (1) Applicants for import of important industrial products subject to automatic import licensing shall, prior to importation, proceed with the automatic import licensing procedures in relevant authorities of import administration;
- (2) Importers shall, after signing import contracts, notify the authorities of the matters of relevant import contracts and the expected arrival time of imports one month prior to proceeding with the Application Form for Automatic Import Licensing of Important Industrial Products. The authorities shall properly take note of such matters and report to SETC every month;
- (3) Applicants shall properly fill out the Application Form for Automatic Import Licensing of Important Industrial Products. The format of such form is attached Annex 3.
- (4) On receipt of appropriately-filled Application Forms for Automatic Import Licensing of Important Industrial Products, the authorities responsible for the administration of import of important industrial products shall approve the eligible applications and issue the Automatic Import Licence for Important Industrial Products (hereinafter "Licence") to applicants within 10 working days.

In the event that the authorities fail to issue the Licence within the time limit, they shall give reasons to applicants.

Article 7 Applicants for the licence shall purchase foreign exchange and make remittance for payment by presenting the Automatic Import Licence to their bank(s). With the Automatic Import Licence, the Customs shall proceed with customs-clearing procedures.

Article 8 The Licence shall be made under the uniform administration by SETC and the format of the Licence is attached as Annex 4.

Article 9 The Licence shall be valid for a maximum period of 180 within a given calendar year. The Special Seal for Automatic Import Licensing of Important Industrial Products is the only valid seal for the Licence, which is made under the uniform supervision by SETC. The format of the seal is attached as Annex 5.

The Licence is subject to principle of "one batch, one licence", *i.e.*, one licence shall apply to only one batch of importation of products and shall not be used for importation in several batches. In the event that the Licence needs to be extended or altered, the relevant authorities shall revoke the old Licences and grant a new Licence.

In the event that the Licence is lost, the licence holder concerned shall immediately report this fact to the authorities which initially granted the Licence. Upon verification by the authorities of this fact, a new licence shall be re-issued, provided that there is no adverse consequence as a result of the re-issuance.

Article 10 In the event the licence-holders decide not to use the Licence, they shall promptly return the Licence to the authorities who initially granted the licence.

Article 11 In the process of application for automatic licensing, any disputes shall be subject to conciliation or mediation by SETC. In the event that the parties concerned dissatisfy with the result of such conciliation or mediations, they may apply for administrative review or lodge administrative litigation pursuant to the law.

Article 12 The form for the Automatic Import Licensing shall be made by MOFTEC.

Article 13 The Implementation Rules are subject to interpretation by SETC and the Customs General Administration. The present new Rules shall prevail if there is a discrepancy between the previous rules and the existing ones.

Article 16 The Implementation Rules shall come into force as from February 1, 2002.

Annex 1: List of tariff headings of important industrial products subject to automatic import licensing

Annex 2: List of agencies authorized by SETC to administer the import of important industrial products subject to automatic import licensing

Annex 3: Application Form for Automatic Import Licensing of Important Industrial Products

Annex 4 Sample of the Automatic Import Licence for Important Industrial Products

Annex 5 Sample of Special Seal for Automatic Import Licensing of Important Industrial Products

**DECREE OF THE MINISTRY OF
FOREIGN TRADE AND ECONOMIC COOPERATION OF
THE PEOPLE'S REPUBLIC OF CHINA**

No.22, 2001

The Measures for the Administration of Import Licences for Goods, upon the approval of the Minister's ninth executive meeting of 2001 and with the consent of the Customs General Administration, are herewith published, in accordance with the Foreign Trade Law and the Regulations on the Administration of Import and Export of Goods of the People's Republic of China, and shall come into effect as from January 1, 2002.

Issued by

Shi Guangsheng

Minister of the Ministry of Foreign Trade and Economic Cooperation

December 20, 2001

THE MEASURES FOR THE ADMINISTRATION OF IMPORT LICENCES FOR GOODS

Chapter 1 General Provisions

Article 1 In order to regulate the administration of import licences, maintain normal import order, create a fair trade environment, compliance with the commitments made by China in international conventions and treaties and promote the development of foreign trade, the Measures for the Administration of Import Licences for Goods (hereafter the “Measures”) are hereby enacted, in accordance with the Foreign Trade Law of the People's Republic of China and the Regulations on the Administration of Import and Export of Goods of the People’s Republic of China.

Article 2 the State implement a uniform administration of import licence for goods. Imported goods subject to quantitative or other restrictions shall be under the administration of import licence.

Article 3 The Ministry of Foreign Trade and Economic Cooperation of the People’s Republic of China (hereinafter “MOFTEC”) is the competent authority of nationwide administration of import licences. It is responsible for formulating regulations of the administration of import licences, publishing the catalogues of both goods subject to import licence administration and licence-issuance at various levels, designing and printing the form of licences and seals, supervising and inspecting enforcement of the Measures and punishing acts in violation of the Measures.

Article 4 MOFTEC has authorized the Quota and Licence Administration Bureaus (hereinafter “Licence Bureau”) to conduct a uniform administration and guidance on matters relating to issuance of import licences by agencies of licence issuance all over the country and other relevant matters. The Licence Bureau shall report to MOFTEC.

Article 5 The Licence Bureau, or Special Commissioner Offices of MOFTEC in provinces, or Commission of Foreign Trade and Economic Relations at various provinces, autonomous regions, municipalities directly under the central government and those with independent budgetary status which have authorized by the Licence Bureau (hereinafter “Licence Agencies”), shall be responsible for issuance of import licences within their respective mandates under the uniform administration of the licence bureau.

Article 6 The import licence is the legal instrument by which the government implement administration on the importation of goods. All firms which import goods subject to import licence administration shall apply for import licences to the designated Licence Agencies and receive the licences prior to importation, unless otherwise stipulated by the State. With the import licence, the Customs shall accept declarations and proceed customs-clearing procedures.

Article 7 The term of “import licences” in the Measures shall refer to import quota licences and other import licences prescribed in the Regulations on the Administration of Import and Export of Goods of

the People's Republic of China, and shall apply to the import of goods in the Catalogue of Commodities subject to Import Licence Administration.

Article 8 Import licences shall not be sold, bought, transferred, forged and altered.

Chapter 2 Issuance of Import Licences

Article 9 Each Licence Agency shall issue import licences strictly in accordance with the Catalogue of Commodities Subject to Import Licence Administration and the Catalogue of Commodities Subject to Import Licence Administration at Various Levels published by MOFTEC. All enterprises in the country shall apply for import licences to Licence Agencies designated in the Catalogue of Commodities Subject to Import Licence Administration at Various Levels, when they import commodities in the Catalogue of Commodities Subject to Import Licence Administration.

Article 10 Licence Agencies shall not issue import licences in the absence of quota, or exceeding the amount identified in quota, or exceeding their mandates.

Article 11 Import licences shall be subject to the system of "one licence for one Customs", which means one import licence shall only be used at one customs. Usually import licence is subject to the principle of "one batch, one licence ". If a licence may be used for several batches of shipments, the terms of "for multiple batches" shall be printed on the note column of the import licence.

"One licence for one Customs," means that an import licence shall only be used for the declaration in one customs. "One batch, one licence" means that one licence may be used only one time within its duration. "For multiple batches" means that one licence may be used for several times for customs declaration within its duration, but with a maximum of 12 times; the Customs shall deduct every batch of imported volume in the column of "customs clearance" on the reverse of the licence.

Article 12 Upon the receipt of applications, Licence Agencies shall grant import licences within 3 working days, exceptionally within 10 working days.

Chapter 3 Documents Required for Applications for Import Licence

Article 13 Application Form for Import Licences

Importers applying for import licences shall properly fill out application forms for import licences and stamp their seals on the form.

Article 14 Documents of approval by governmental authorities

Importers applying for import licences shall submit documents and other materials as prescribed in Chapter 4 below.

Article 15 Proofs of Importers' Trading Right

The proofs refer to the Certificate of the Qualification for Enterprises Engaging in Imports and Exports of People's Republic of China (in the case of foreign-invested enterprises, Certificate of Approval for the Establishment of Foreign-Invested Enterprises). In the case of imported commodities subject to the state trading or designated trading administration, applicants shall submit documents of approval for relevant qualifications in light of regulations in relation to state trading and designated trading.

Chapter 4 Criteria for the Issuance of Import Licence

Article 16 Licence Agencies shall issue import licences within the scope of the Catalogue of Commodities Subject to Import Licence Administration and the Catalogue of Commodities Subject to Import Licence Administration at Various Levels published by MOFTEC in accordance with the following provisions:

- 1) For machinery and electronic products subject to quota administration, import quota licences are granted in light of the Certificate of Import Quotas for Machinery and Electronic Products issued by MOFTEC;
- 2) For natural rubbers subject to quota administration, import quota licences are granted in light of the documents of approval issued by the State Economic and Trade Commissions (hereinafter "SETC") and MOFTEC;
- 3) For processed oil and automobile tires subject to quota administration, import quota licences are granted in light of the documents of approval issued by the State Economic and Trade Commissions (hereinafter "SETC") and MOFTEC;
- 4) For chemicals subject to supervision and control, import licences are granted in light of import contracts (photocopies) and the Approval of Import of Controlled Chemicals issued by the Office for the Performance of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons;
- 5) For chemicals which can easily be used to manufacture drugs, import licences are granted in light of import contracts (photocopies) and the Approval of the Import of the said chemicals issued by MOFTEC;
- 6) For CD production facilities, import licences are granted in light of the document of approval issued by the General Press and Publication Administration and proofs of the import of machinery and electronic products issued by MOFTEC;
- 7) For substances depleting the ozone layer, import licences are granted in light of the Approval of the Import of Substances Depleting the Ozone Layer issued by the State Administration Office of the Import and Export of Substances Depleting the Ozone Layer.

Article 17 Commodities subject to import licence administration under the inward processing program shall be exempt from import licences, with the exception of crude oil, processed oil, controlled chemicals, chemicals which can easily be used to manufacture drugs and CD production facilities.

For crude oil and processed oil imported under the inward processing program, Licence Agencies shall grant import licences in light of approval issued by SETC and MOFTEC, the Processing Trade Permit and the imported materials and components list issued by foreign trade and economic authorities at various province, autonomous regions, municipalities directly under the central government and those with independent budgetary status.

In the case of controlled chemicals, chemicals which can easily be used to manufacture drugs and CD production facilities which imported under the inward processing program, Licence Agencies shall handle in accordance with 4), 5), 6) of Article 16.

Article 18 In the event that foreign-invested enterprises import machinery and electronic product subject to quota administration for investment purposes or for own use, or import products other than machinery and electronic products for the production of domestically-sold products, Licence Agencies shall grant import licences to them in light of the Certificate of import quotas for foreign-invested enterprises issued by MOFTEC or foreign trade and economic authorities at various province, autonomous regions, municipalities directly under the central government and those with independent budgetary status.

In the event that foreign-invested enterprises import products other than machinery and electronic products subject to quota administration for investment purposes or for own use, Licence Agencies shall grant import licences to them in light of the Certificate of import registration of specific products for foreign-invested enterprises issued by MOFTEC or foreign trade and economic authorities at various province, autonomous regions, municipalities directly under the central government and those with independent budgetary status.

In the event that foreign-invested enterprises import CD production facilities, Licence Agencies shall grant import licences to them in light of Business Licence for Audiovisual Products Duplication issued by the General Press and Publication Administration, the certificate of approval issued by MOFTEC, import contracts (photocopies) and the list of imported facilities.

Article 19 Importer shall submit truthful materials for its application for import licences in line with the Measures and shall not practice fraud or defraud import licences by false documents and contracts.

Chapter 5 Duration of Import Licence

Article 20 The duration of import licences is one year.

- 1) Import licences shall be issued within the time limit prescribed in the document of approval issued by import authorities.
- 2) Generally the import licence shall be valid with one calendar year. In the event that they need to be used cross-year under special circumstances, they shall be used till the end of March of the next year at most.

- 3) Import licences shall be used within its duration. Expired licences are automatically deemed to be invalid, with which the Customs shall not release the imports.

Article 21 Extension of Import Licences

- 1) Licence-holders who fail to use import licences within its duration should apply for the extension of such licences to Licence Agencies within the duration. The Licence Agencies shall revoke the old licence, cancel its registration in the import licence administration network and grant a new licence to the licence-holders, indicating the term of “renewal” and the original licence number on the licence.
- 2) Licence-holders who fail to import all commodities subject to the import licences in their possession within its duration shall apply for the extension of unused parts of such licences to Licence Agencies within the duration. The Licence Agencies shall revoke the old licence, deduct the used parts from the licence in the import licence administration network and grant a new licence to the licence-holders, indicating the term of “renewal” and the original licence number on the licence.
- 3) The extension of import licence shall only be applied for one time and the extension shall not exceed three months.
- 4) Licence-holders who fail to apply for extension of import licences within its duration, Licence Agencies shall not accept such applications and the licences shall be deemed to be invalid.

Article 22 Alteration of Import Licences

- 1) Import licences shall not be altered without permission once they have been issued. If licence-holders need to alter licences in their possession, they shall apply for such alteration and return old licences within its duration to Licence Agencies. The Agencies shall grant new licences to them.
- 2) In the event changes to licences involving key items of licences, applicants shall provide the approval documents for alteration issued by the approval authorities.

Article 23 Lost of Import Licences

In the event that the import licence is lost, the licence-holder concerned shall promptly report this fact to the police and make a statement that the licence has become invalid on national comprehensive or economic newspapers. Licence Agency will cancel the old licence and grant a new licence in light of the lost report and the statement of invalidity.

Article 24 Enquiries on Import Licences

In the event that the authorities such as the Customs, the administration of industry and commerce, police, disciplinary inspection authorities and courts need to make enquires or conduct investigations on import licences, Licence Agencies shall render assistance after they present identity papers.

Article 25 In the event that the list of Licence Agencies is amended, the disqualified Licence Agencies shall not issue further import licences as from the effective date of the amendment. Such agencies shall report the issuance of licences prior to the effective date of the amendment to the substitute agencies. Licences acquired prior to the effective date of the amendment shall remain valid within its duration. In the case of licences which have not been used or used up, licence holders shall apply for extension of the licences to substitute agencies pursuant to relevant provisions.

Chapter 6 Inspection and Punishment

Article 26 The Licence Bureau has been authorized by MOFTEC to inspect regularly all Licence Agencies with respect to the enforcement of the Measures, particularly to unfair issuance of licences such as issuance of licence in the absence of quotas, or beyond the mandates as well as other acts in violation of the Measures. The Licence Bureau shall conduct random inspections which combine with regular or irregular self-inspections conducted by Licences Agencies. The Licence Bureau shall report results of inspections to MOFTEC.

Article 27 Licence Agencies shall report data of licence issued in line with MOFTEC's provisions concerning network verification so as to ensure smooth customs declaration and the inspection by the Customs. They shall also carefully check the data feed back from the Customs and promptly inspect the utilization of issued licences and find out problems in existence.

Article 28 Import licences which have been issued beyond or in the absence of quotas, or beyond mandates shall be invalid. In the case of Licence Agencies issuing such licences, MOFTEC shall give them warnings, or suspend or cancel their right to issue licences in light of nature of severity of their offences.

Article 29 In the case of enterprises acquiring import licences by fraud or by other illegal means, MOFTEC shall give them warnings, or suspend or cancel their trading right in light of nature of severity of their offences.

Article 30 In the case of enterprises who have forged, altered, sell or bought import licences, their criminal liabilities shall be investigated in line with Article 280 and 225 of the Criminal Law by the relevant judicial departments; If their offences did not constitute crimes, their unlawful incomes will be confiscated or they will be subject to a fine; MOFTEC may suspend or cancel their trading right.

Article 31 In the case of import licences referred to in Articles 28, 29 and 30, MOFTEC shall revoke and withdraw the licences once confirmed the fact through verification. If the Customs find problems in relation to forgoing licences, Licence Agencies shall make clear replies and render reasonable assistance.

Article 32 In the case of personnel of Licence Agencies conducting forgoing offences but such offences did not constitute crimes, they shall be transferred to other positions and shall be subject to administrative sanctions in light of the nature of severity of their offences. If their offences constitute crimes, their criminal liabilities shall be investigated by relevant judicial departments.

Chapter 7 Supplementary Provisions

Article 33 Law and administration regulations have provisions otherwise on administration of goods imported to special economic zones such as bonded areas and export-processing zones, the provisions shall be observed.

Article 34 The administration of import licences under the border trade shall still be implemented in line with the existing relevant provisions.

Article 35 The Measures shall be subject to interpretations by MOFTEC.

Article 36 The Measures shall come into force as from January 1, 2002. If there is a discrepancy between the previous measures and the current measures, current measures shall prevail.

**CIRCULAR OF THE STATE DEVELOPMENT PLANNING COMMISSION OF
THE PEOPLE'S REPUBLIC OF CHINA**

No.3, 2002

In accordance with the Interim Measures for the Administration of Import Tariff Rate Quota for Agricultural Products (Decree of the State Development Planning Commission, No.19, hereinafter "the Interim Measures"), the Quantity, Conditions of Application and Allocation Methods of Import Tariff Rate Quota of Important Agricultural Products of 2002 (Decree of the State Development Planning Commission, No.1, 2002, hereinafter "Allocation Methods") and the Implementation Rules for the Administration of Import Tariff Rate Quota for Wool and Wool Tops (Decree of the State Development Planning Commission, No.2, 2002, hereinafter "Implementation Rules"), the Circular on the Reallocation of Import Tariff Rate Quota for Important Agricultural Products of 2002 is issued hereby as follows:

1. Enterprises possessing import tariff rate quotas (TRQs) for general trade for wheat, corn, rice, soybean oil, rape-seed oil, palm oil, sugar and cotton are not expected to sign all acquired import TRQs into contracts prior to December 31, 2002, or despite the contracts signed, but the shipments are not expected to dispatch from the port of departure by the end of the year, shall, prior to September 15, 2002, return the unused import TRQs in their possession to the agencies authorized by the State Development Planning Commission (hereinafter "SDPC"). SDPC shall reallocate the returned import TRQs. In the case of end users who fail to return unused import TRQs prior to September 15, SDPC shall reduce proportionally their import TRQs for agricultural products of 2003.
2. End users who have acquired import TRQs of 2002 for general trade and have used them up (*i.e.*, users have provided photocopies of Customs Declarations to the authorized agencies) and those satisfying the application conditions in the Allocation Methods but failed to apply import TRQs for general trade in April, 2002, may submit applications for reallocation of import TRQs for general trade of agricultural products to the agencies authorized by SDPC (hereinafter "the Authorized Agencies").
3. Applicants applying for reallocation of import TRQs for important agricultural products shall submit applications in written forms to local Authorized Agencies (except wool and wool tops) during September 1 to 15 of 2002. Applications shall be formulated in accordance with the relevant stipulations in the Allocation Methods. Applicants with import performance in 2002 shall state the actual import volume by the end of September 2002.
4. After initial examination of the applications, the Authorized Agencies shall, as from September 1, 2002, report the eligible applications to SDPC through SDPC's administration network of the import of agricultural products and report to SDPC all eligible applications in sequence in writing prior to September 20, 2002.

5. SDPC will reallocate the returned import TRQs in light of the sequence of the reports of the applications through network and shall inform the final results of the reallocation to end users prior to September 30, 2002.

When the total volume of import TRQs the applicants applied for is less than total amount of TRQs to be reallocated, the volume of import TRQs applied for by each applicant shall be reallocated. When the total volume of import TRQs the applicants applied for is more than total amount of TRQs to be reallocated, the reallocation shall be made in light of Article 4 of the Allocation Methods, *i.e.*, according to applicants' historical performances, processing capacities as well as experience and capacity in production, importation, sale or services in international markets.

6. Applicants for import quotas of wool and wool tops for general trade who comply with the paragraph 2, may, as from October 1, 2002, reapply for the import quotas to the Authorized Agencies by presenting import contracts. The Authorized Agencies shall proceed their applications in line with the Implementation Rules.

Period of validity and other matters of the reallocation of import TRQs shall be deal with in line with the Interim Measures and the Implementation Rules.

**DECREE OF THE MINISTRY OF
FOREIGN TRADE AND ECONOMIC COOPERATION OF
THE PEOPLE'S REPUBLIC OF CHINA**

No.20, 2001

The Measures for the Administration of Automatic Import Licensing of Goods, with consent of the Customs General Administration, are herewith published, in accordance with the Foreign Trade Law of the People's Republic of China and the Regulations on the Administration of Import and Export of Goods of the People's Republic of China, and shall come into effect as from January 1, 2002.

Issued by

Shi Guangsheng

Minister of the Ministry of Foreign Trade and Economic Cooperation

December 31, 2001

THE MEASURES FOR THE ADMINISTRATION OF AUTOMATIC IMPORT LICENSING OF GOODS

Article 1 In order to conduct effective supervision to the import of goods and regulate the automatic import licensing of goods, the Measures for the Administration of Automatic Import Licensing of Goods (hereinafter “Measures”) are hereby enacted.

Article 2 The Ministry of Foreign Trade and Economic Cooperation of the People’s Republic of China (hereinafter “MOFTEC”) shall implement the administration of automatic import licensing to a portion of goods so as to supervise the importation of goods.

Article 3 The catalogue of goods subject to automatic import licensing and specific names, tariff headings shall be defined by MOFTEC in consultation with relevant authorities. MOFTEC shall publish the catalogue 21 days prior to its enforcement. The current catalogue is attached as Annex 1.

Article 4 In the event that the cause for inclusion of certain products in the catalogue no longer exists, MOFTEC shall remove the products from the administration of automatic import licensing and shall publish the change.

Article 5 MOFTEC authorizes the Quota and Licence Administration Bureau, foreign trade authorities of various provinces, autonomous regions, municipalities directly under the central government and those with independent budgetary status, as well the relevant departments at national level (hereinafter “issuance agencies”) to issue the automatic import licence. The list of issuance agencies is attached as Annex 2.

The Automatic Import Licence (the sample is attached as Annex 3) and the Special Seal for Automatic Import Licence (hereinafter "the Special Seal", the sample is attached as Annex 4) shall be printed and made under the uniform supervision of MOFTEC. MOFTEC shall distribute the printed licences and seals made to the issuance agencies. The licences and the seals shall be in the custody of persons designated by the agencies and shall not be used otherwise. .

Article 6 Importers of goods subject to automatic import licensing shall apply for automatic import licences to the issuance agencies prior to declarations to the Customs.

With the Automatic Import Licence bearing the Special Seal, the Customs shall proceed the customs-clearing procedures and the banks concerned shall proceed the procedures for purchase and remittance of foreign exchange.

Article 7 To apply for automatic import licences, applicants shall submit the followings:

- 1) The Application Form for Automatic Import Licence (the sample is attached as Annex);
- 2) Contracts of import of goods;

- 3) A Photocopy of the document(s) from the authorities concerned verifying the business scope of the applicants;
- 4) Applicants retaining agents to import the relevant goods shall submit agent contracts;
- 5) In the event that the State has particular provisions on the purposes and end users of the goods to be imported, applicants shall submit proofs indicating such provisions have been observed.
- 6) Other materials required by MOFTEC.

Article 8 The issuance agencies shall immediately approve the eligible applications and grant automatic import licences upon receipt, to the extent administratively feasible, but with a maximum of 10 working days. Issuance agencies shall promptly transfer the relevant electronic data to MOFTEC pursuant to the relevant regulations.

Article 9 Any importers are eligible for applying for and obtaining the Automatic Import Licence, provided that they meet requirements prescribed in law and regulations on importation of goods subject to automatic import licensing.

With respect to goods subject to designated trading, only designated trading companies can apply for and obtain the automatic import licences for import of the goods. In the event that non-designated trading companies need to import the goods subject to designated trading, they shall retain designated trading companies as agents to import the goods for them. The designated trading companies retained shall be responsible for applying for the automatic import licences. In the event that non-designated trading companies import the goods under certain special circumstances set forth in the exception provisions of relevant regulations, the companies may directly apply for automatic import licences.

With respect to goods subject to state trading administration, state and non-state trading enterprises shall comply with relevant regulations on state trading administration in applying for automatic import licences.

In the case of goods of which the purposes and end users are subject to special provisions in law, regulations and industrial policies, applicants shall comply with the provisions in applying for automatic import licence.

Article 10 Import through following trade methods shall be exempt from applying for automatic import licences:

- 1) Processing trade;
- 2) Import goods as samples or for advertising purpose;
- 3) Other trade methods stipulated by the government.

Article 11 Licence-holders that decide not to use the acquired automatic import licences shall return the licences to the issuance agencies and give explanations; if the licence is lost, they shall report this fact to issuance agencies promptly. The issuance agencies shall grant them new licences if no adverse consequences would occur as a result of such re-issuance.

Article 12 Goods subject to automatic import licensing of which the import has been temporarily prohibited or restricted in quantity by the government, any issuance of automatic import licences shall be ceased as from the effective date of the temporary measures.

Article 13 The automatic import licence is subject to principle of "one batch, one licence", *i.e.*, one licence shall apply to only one batch of importation of goods and shall not be used for importation in several batches.

The valid period of an automatic import licence is 6 months. If the duration of the licence needs to be extended or its content needs to be altered, the issuance agencies shall grant new licence and revoke the old one.

Article 14 Importation of goods subject to automatic import licensing, without compliance with the provisions of the Measures to receive the automatic import licence, shall be dealt with by the Customs pursuant to the relevant regulations.

If firms undertaking such actions as fabricating, altering, selling or buying the automatic import licences, or receiving the licence through such illegal means as fraud, their licences shall be revoked. MOFTEC may suspend and even repeal their trading right. They shall be criminally liable if their actions are serious enough to be deemed to constitute crime.

For the purpose of investigation of the foregoing actions, the Customs may confiscate the licence.

Article 15 The automatic import licensing for foreign-invested enterprises shall be implemented in light of the existing relevant provisions.

Article 16 The implementation rules for the administration of import licensing for machinery and electronic products shall be formulated and published by MOFTEC in line with the Measures.

Article 17 Seven industrial products namely crude oils, steels, pesticides, acrylic fibres, polyester fibre, polyester fillet and fertilizers (except urea, DAP and NPK) shall still be subject to the joint administrations of the State Economic and Trade Commission and MOFTEC. Foreign-invested enterprises shall apply for automatic import licences for forgoing products to foreign trade authorities. With the automatic import licences bearing the Special Seal for foreign-invested enterprises, the Customs shall proceed the customs-clearing procedures.

Article 18 The Measures shall not apply to goods subject to automatic import licensing which imported to bonded areas and export-processing zones.

Article 19 The Measures shall be subject to interpretations by MOFTEC.

Article 20 The Measures shall come into force as from January 1, 2002. If there is a discrepancy between the current measures and previous ones, the current measures shall prevail.

Annex 1: Catalogue of goods subject to automatic import licensing

Annex 2: List of automatic import licence issue agencies

Annex 3: Sample of automatic import licence

Annex 4: Sample of special seal for automatic import licence

Annex 5: Sample of application form for automatic import licence

**DECREE OF THE STATE ECONOMIC AND TRADE COMMISSION OF
THE PEOPLE'S REPUBLIC OF CHINA
No. 6, 2002**

The allocation methods for import quantity of automobile tires under import quota and application procedure in the year 2002 are hereby published in line with the Regulations on the Administration of Import and Export of Goods of the People's Republic of China and China's commitments for accession to the World Trade Organization. All eligible importers for automobile tires may apply for the import quotas through agencies responsible for the administration of import quotas authorized by the State Economic and Trade Commission or directly to the State Economic and Trade Commission. The deadline for submission of the application is January 31, 2002.

Annex: The allocation methods for import quantity of automobile tires under import quota and application procedure in the year 2002

State Economic and Trade Commission

January 18, 2002

Annex

**THE ALLOCATION METHODS FOR IMPORT QUANTITY OF AUTOMOBILE TIRES
UNDER IMPORT QUOTA AND APPLICATION PROCEDURE IN THE YEAR 2002**

1. Total volume of import quotas

The total volume of import quotas for automobile tires of 2002 is 1.07 million pieces.

2. Allocation methods (import quotas shall be allocated by taking into the following conditions):

- 1) Applicant's previous import performances;
- 2) Applicant's filling rate of previous import quotas;
- 3) Applicant's production capacity, business size and sales performance;
- 4) New applicant's conditions;
- 5) Other factors need to be taken into account.

3. Required materials for application:

- 1) Applicant's basic information: photocopies of business licence, registered capital, production capacity, business size, sales revenue and total amount of taxes paid;
- 2) Base amount of import quotas for automobile tires and import performance in recent three years (1999-2001) (import performance shall be identified in line with the statistics of the Customs);
- 3) Types and volume of import quotas for automobile tires for which applicants have applied for 2002.

4. Application procedures

Applicants shall apply for the import quotas through agencies responsible for the administration of import quotas authorized by the State Economic and Trade Commission. National enterprises may apply directly to the State Economic and Trade Commission. The agencies shall consolidate and balance all applications they have received and submit them, together with the proposed volume of import quotas for their regions or industry sectors, to the State Economic and Trade Commission.

In the event that applicants have submitted applications for import quotas in accordance with previous requirements and their materials for the applications comply with the foregoing stipulations, they may be exempt from reapplication.

**DECREE OF THE STATE ECONOMIC AND TRADE COMMISSION OF
THE PEOPLE'S REPUBLIC OF CHINA
No. 51, 2002**

The allocation methods for import quantity of processed oil under import quota and application procedure in the year 20002 are hereby published in line with the Regulations on the Administration of Import and Export of Goods of the People's Republic of China and China's commitments for accession to the World Trade Organization. All eligible importers of processed oil may apply for the import quotas through agencies responsible for the administration of import quotas authorized by the State Economic and Trade Commission or directly to the State Economic and Trade Commission. The deadline for submission of the applications is January 31, 2002.

Annex: The allocation methods for import quantity of processed oil under import quota and application procedure in the year 20002

State Economic and Trade Commission

January 18, 2002

Annex

**THE ALLOCATION METHODS FOR IMPORT QUANTITY OF PROCESSED OIL UNDER
IMPORT QUOTA AND APPLICATION PROCEDURES IN THE YEAR 2002**

1. Total volume of import quotas

The total volume of import quotas for processed oil of 2002 is 22 million tons (including gasoline, aviation kerosene, diesel, naphtha, fuel oil and wax oil).

2. Allocation methods (import quotas shall be allocated by taking into the following conditions):

- 1) Applicant's previous import performances;
- 2) Applicant's filling rate of previous import quotas;
- 3) Applicant's production capacity, business size and sales performance;
- 4) Volume of import quota the applicant applied for;
- 5) New applicant's conditions;
- 6) Other factors need to be taken into account.

3. Import quota subject to state trading

The volume of import quota subject to state trading of processed oil of 2002 is 17.4 million tons. The firms possessing the quota subject to state trading of processed oil shall retain state trading enterprises as agents for the importation and shall mark on the Certificate of import quotas for important industrial products the term of "State Trading". The state trading enterprises are: China National Chemical Import & Export Co., China National United Oil Co., China International United Petroleum & Chemical Co., and Zhuhai Zhenrong Company.

Eligible applicants for the quotas shall be: industries of shipping, electric power, building materials, fishery, railway transport, petrochemicals, which have had base amount of imports and import performance; other enterprises using or trading processed oil, which have and base amount of imports and import performance; eligible new applicants.

4. Import quota for non-state trading

The volume of import quota for non-state trading of processed oil of 2002 is 4.6 million tons. Eligible applicants for the quotas are as follows:

- 1) Enterprises that engaged in the business of oils and comply with following requirements:
 - a) Having a registered capital of or above RMB 50 million yuan;
 - b) Possessing a dock for the import of processed oil of or above 10,000 tons;
 - c) Having processed oil containers of or above 50,000 m³;
 - d) Having a reserve of processed oil of or above 15% of the amount of processed oil in operation;

- e) Having no records of smuggling, law-breaking, tax dodging, illegal remittance or acquirement of foreign exchanges; having a good credit of or above Grade A;
- f) Other factors need to be taken into account.

2) Foreign-invested enterprises which have been granted import quotas for processed oil for recent three years (1999-2001) and have fully used the quotas allocated

The firms possessing import quota for non-state trading of processed oil shall retain non-state trading enterprises as agent for the importation and shall mark on the Certificate of import quotas for important industrial products the term of “ Non-State Trading”. The list of non-state trading enterprises engaging in business of processed oil shall be published otherwise pursuant to the relevant provisions of the State Council.

5. Required materials for application:

1) Applications for import quota subject to state trading:

- a) Applicants' basic information: photocopies of business licence, registered capital, production capacity, business size, sales revenue and total amount of taxes paid;
- b) Volume of import quotas granted for processed oil in recent three years (1999-2001) (including volume for sub-varieties) and the proof of the allocations issued by provincial foreign trade authorities or relevant departments;
- c) Import performances in the recent three years (1999-2001), including performances of sub-varieties (import performances shall be identified pursuant to the statistics of the Customs);
- d) Types and volume of import quotas for processed oil for which applicants have applied for 2002.
- e) Certificates provided by local Customs indicating that applicants have not undertaken any actions of smuggling and law-breaking;
- f) Certificates provided by local taxation authorities indicating that applicants have not undertaken any actions of tax dodging;
- g) Certificates provided by local foreign exchanges administrations indicating that applicants have not undertaken any actions of illegal remittance or acquirement of foreign exchanges;
- j) Certificates of the credit grade of applicants provided by banks concerned.

2) Applications for import quota for non-state trading:

- a) Applicants' basic information: photocopies of business licence, registered capital, production capacity, business size, sales revenue and total amount of taxes paid;
- b) Legal documents indicating the title and usufruct to docks;
- c) Legal documents indicating the title or usufruct to refined petroleum containers;

- d) Types and volume of import quotas for processed oil for which applicants have applied for 2002.
- e) Certificates provided by local Customs indicating that applicants have not undertaken any actions of smuggling and law-breaking;
- f) Certificates provided by local taxation authorities indicating that applicants have not undertaken any actions of tax dodging;
- g) Certificates provided by local foreign exchanges administrations indicating that applicants have not undertaken any actions of illegal remittance or acquirement of foreign exchanges;
- h) Certificates of the credit grade of applicants provided by banks concerned.

6. Application procedures

Applicants applying for import quota subject to state-trading shall submit applications through agencies responsible for the administration of import quotas authorized by the State Economic and Trade Commission. National enterprises shall apply directly to the State Economic and Trade Commission. The agencies shall consolidate and balance all applications they have received and submit them, together with the proposed volume of import quotas for their regions or industry sectors, to the State Economic and Trade Commission.

Applicants applying for non-state trading import quotas shall apply through local agencies responsible for the administration of import quotas. The agencies shall forward the applications to the State Economic and Trade Commission.

In the event that applicants have submitted applications for import quotas in accordance with previous requirements and their materials for the applications comply with the foregoing stipulations, they may be exempt from reapplication.

**DECREE OF THE STATE ECONOMIC AND TRADE COMMISSION OF
THE PEOPLE'S REPUBLIC OF CHINA
No. 4, 2002**

The allocation methods for import quantity of fertilizer under tariff rate quota and application procedure in the year 2002 are hereby published in line with the Regulations on the Administration of Import and Export of Goods of the People's Republic of China and China's commitments for accession to the World Trade Organization. All eligible fertilizer importers may apply for the import TRQs through agencies responsible for the administration of import TRQs authorized by the State Economic and Trade Commission or directly to the State Economic and Trade Commission. The deadline for the submission of applications is January 31, 2002.

Annex: The allocation methods for import quantity of fertilizer under tariff rate quota and application procedure in the year 2002

State Economic and Trade Commission

January 18, 2002

Annex

**THE ALLOCATION METHODS FOR IMPORT QUANTITY OF FERTILIZER UNDER
TARIFF RATE QUOTA AND APPLICATION PROCEDURE IN THE YEAR 2002**

Fertilizers to import TRQs administration in 2002 are as follows: Urea (HS 31021000), DAP (HS 31052000) and NPK (HS 31053000). The in-quota tariff rate is 4% and the out-quota tariff rate is 50%.

1. Total volume of import TRQs

The total volumes of import TRQs for fertilizers of 2002 is: urea 1.3 million tons, DAP 5.67 million tons and NPK 2.835 million tons.

2. Allocation methods (import quotas shall be allocated by taking into the following conditions):

- 1) Applicant's previous import performances;
- 2) Applicant's filling rate of previous import quotas;
- 3) Applicant's production capacity, business size and sales performance;
- 4) Volume of import quota the applicant applied for
- 5) New applicant's conditions;
- 6) Other factors need to be taken into account.

3. Import TRQs subject to state trading

The volume of import TRQs subject to state trading for fertilizers of 2002 is as follows: urea 1.17 million tons, DAP 4.82 million tons and NPK 2.41 million tons. The firms possessing the TRQs subject to state trading of fertilizer shall retain state trading enterprises as agents for the importation and shall mark on the Certificate of import TRQ for Fertilizers the term of "State Trading". The state trading enterprises for import of fertilizer in 2002 are China National Chemical Import & Export CO., and China National Agricultural Means of Production Group Co.

Eligible applicants for such quotas shall be: enterprises of agricultural means of production, which have had import bases and import performance; agricultural manure stations, seed stations and technical service stations, which have had import bases and import performance; Fertilizer producers which have had import bases and import performance; eligible new applicants.

4. Import TRQs for non-state trading

The volume of import TRQs of fertilizers for non-state trading of 2002 is as follows: urea 130,000 tons, DAP 850, 500 tons and NPK 425, 000 tons. Eligible applicants for the quotas shall be: enterprises of small-amount border trade, which have had base amount of imports and import performance; foreign-invested enterprise, which have had base amount of imports and import performance; fertilizer importers in Special Economic Zones, which have had base amount of imports and import performance.

The firms possessing import TRQs for non-state trading of fertilizer shall retain non-state trading enterprises as agent for the importation and shall mark on the Certificate of import TRQs for Fertilizers the term of “ Non-State Trading”. The list of non-state trading enterprises engaging in business of fertilizers shall be published otherwise pursuant to the relevant provisions of the State Council.

5. Required materials for application:

- 7) Applicants' basic information: photocopies of business licence, registered capital, production capacity, business size, sales revenue and total amount of taxes paid;
- 8) Volume of import TRQs for fertilizers allocated in recent three years (1999-2001) (including volume for sub-varieties) and the proof of the allocations issued by provincial foreign trade authorities or relevant departments;
- 9) Import performances in the recent three years (1999-2001), including performances of sub-varieties (import performances shall be identified pursuant to the statistics of the Customs);
- 10) Types and volume of import TRQs for fertilizers for which applicants have applied for 2002.
- 11) Applications for import TRQs subject to state trading or subject to non-state trading (either one).

6. Application procedures

Applicants shall submit applications through agencies responsible for the administration of import quotas authorized by the State Economic and Trade Commission. The agencies shall forward the application to the State Economic and Trade Commission. National enterprises shall apply directly to the State Economic and Trade Commission. In the event that applicants have submitted applications for import TRQs in accordance with previous requirements and their materials for the applications comply with the foregoing stipulations, they may be exempt from reapplication.

The State Economic and Trade Commission shall be responsible for the allocation of import TRQs for fertilizers to the qualified applicants and shall publish the allocation result on the designated official journals.

**DECREE ON THE ADJUSTMENT OF THE IMPORT QUOTAS (NON-STATE TRADING)
FOR PROCESSED OIL, AUTOMOBILE TIRES AND CRUDE OIL OF 2002**

The Adjustment of the import quotas (non-state trading) for processed oil, automobile tires and crude oil of 2002 is hereby published in line with the Regulations on the Administration of Import and Export of Goods of the People's Republic of China and China's commitments for accession to the World Trade Organization.

1. Firms possessing import quotas (non-state trading) for processed oil, automobile tires and crude oil of 2002, which are not expected to use up the quotas in their possession, shall prior to September 1, 2002 return unused quotas to agencies responsible for the administration of import quotas authorized by the State Economic and Trade Commission (SETC) (hereinafter "import quota authorities"). In the event that the firms fail to return the unused quotas and fail to use them up by the end of the year, import quota authorities may reduce import quotas to be allocated to them in 2003 proportionally. The import quotas for processed oil and crude oil which have not been used up by the end of 2002 may be carried over to 2003, or prior to September 1, 2002 returned to the authorities who initially granted certificates of import quotas (*i.e.*, 46 import quota authorities authorized by SETC, national enterprises may return unused quotas directly to SETC).
2. Import quota authorities shall inform quota-holders the adjustment hereof and report to SETC prior to September 1, 2002 applications for the returned quotas and carried-over quotas (non-state trading) for processed oil, automobile tires and crude oils. SETC shall proceed applications for the reallocation of these quotas from September 1, 2002 to September 15, 2002 and will reallocate the quotas prior to September 30, 2002.

State Economic and Trade Commission

August 13, 2002

**DECREE OF THE STATE ECONOMIC AND TRADE COMMISSION OF THE PEOPLE'S
REPUBLIC OF CHINA
No. 3, 2002**

The allocation methods for import quantity of processed oil and application procedure in the year 2003 are hereby published in line with the Regulations on the Administration of Import and Export of Goods of the People's Republic of China and China's commitments for accession to the World Trade Organization. All eligible importers of processed oil may apply for the import quotas through agencies responsible for the administration of import quotas authorized by the State Economic and Trade Commission or directly to the State Economic and Trade Commission. The application period is from August 1, 2002 to August 31, 2002.

Annex: The allocation methods for import quantity of processed oil and application procedure in the year 2003

State Economic and Trade Commission

July 31, 2002

Annex

THE ALLOCATION METHODS FOR IMPORT QUANTITY OF PROCESSED OIL AND APPLICATION PROCEDURE IN THE YEAR 2003

1. Total volume of import quotas

The total volume of import quotas for processed oil of 2003 is 25.30 million tons (including gasoline, aviation kerosene, diesel, naphtha, fuel oil and wax oil).

2. Allocation methods (import quotas shall be allocated by taking into the following conditions):

- 1) Applicant's previous import performances;
- 2) Applicant's filling rate of previous import quotas;
- 3) Applicant's production capacity, business size and sales performance;
- 4) Volume of import quota the applicant applied for;
- 5) New applicant's conditions;
- 6) Other factors need to be taken into account.

3. Import quota subject to state trading

The volume of import quota subject to state trading of processed oil of 2003 is 20 million tons. The firms possessing the quota subject to state trading of processed oil shall retain state trading enterprises as agents for the importation and shall mark on the Certificate of import quotas for important industrial products the term of "State Trading". The state trading enterprises are: China National Chemical Import & Export Co., China National United Oil Co., China International United Petroleum & Chemical Co., and Zhuhai Zhenrong Company.

Eligible applicants for the quotas shall be: industries of shipping, electric power, building materials, fishery, railway transport, petrochemicals, which have had base amount of imports and import performance; other enterprises using or trading processed oil, which have and base amount of imports and import performance; eligible new applicants.

4. Import quota for non-state trading

The volume of import quota for non-state trading of processed oil of 2003 is 5.3 million tons. Eligible applicants for the quotas are as follows:

- 1) Enterprises that engaged in the business of oils and comply with following requirements:
 - a) Having a registered capital of or above RMB 50 million yuan;
 - b) Possessing a dock for the import of processed oil of or above 10,000 tons;
 - c) Having processed oil containers of or above 50,000 m³;
 - d) Having a reserve of processed oil of or above 15% of the amount of processed oil in operation;

- e) Having no records of smuggling, law-breaking, tax dodging, illegal remittance or acquirement of foreign exchanges; having a good credit of or above Grade A;
- f) Other factors need to be taken into account.

2) Foreign-invested enterprises which have been granted import quotas for processed oil for recent three years (2000-6. 2002) and have fully used the quotas allocated

The firms possessing import quota for non-state trading of processed oil shall retain non-state trading enterprises as agent for the importation and shall mark on the Certificate of import quotas for important industrial products the term of “ Non-State Trading”. The list of non-state trading enterprises engaging in business of processed oil shall be published otherwise pursuant to the relevant provisions of the State Council.

5. Required materials for application:

1. Applications for import quota subject to state trading:

- a) Applicants' basic information: photocopies of business licence, registered capital, production capacity, business size, sales revenue and total amount of taxes paid;
- b) Volume of import quotas granted for processed oil in recent three years (2000-6.2002) (including volume for sub-varieties) and the proof of the allocations issued by provincial foreign trade authorities or relevant departments;
- c) Import performances in the recent three years (2000-6.2002), including performances of sub-varieties (import performances shall be identified pursuant to the statistics of the Customs);
- d) Types and volume of import quotas for processed oil for which applicants have applied for 2003.
- e) Certificates provided by local Customs indicating that applicants have not undertaken any actions of smuggling and law-breaking;
- f) Certificates provided by local taxation authorities indicating that applicants have not undertaken any actions of tax dodging;
- g) Certificates provided by local foreign exchanges administrations indicating that applicants have not undertaken any actions of illegal remittance or acquirement of foreign exchanges;
- h) Certificates of the credit grade of applicants provided by banks concerned;
- i) Status of utilization of import quota in 2002

2. Applications for import quota for non-state trading:

- a) Applicants' basic information: photocopies of business licence, registered capital, production capacity, business size, sales revenue and total amount of taxes paid;
- b) Legal documents indicating the title and usufruct to docks;

- c) Legal documents indicating the title or usufruct to refined petroleum containers;
- d) Types and volume of import quotas for processed oil for which applicants have applied for 2003.
- e) Certificates provided by local Customs indicating that applicants have not undertaken any actions of smuggling and law-breaking;
- f) Certificates provided by local taxation authorities indicating that applicants have not undertaken any actions of tax dodging;
- g) Certificates provided by local foreign exchanges administrations indicating that applicants have not undertaken any actions of illegal remittance or acquirement of foreign exchanges;
- h) Certificates of the credit grade of applicants provided by banks concerned;
- i) Status of utilization of import quota in 2002

6. Application Procedures

Applicants applying for import quota subject to state-trading shall submit applications through agencies responsible for the administration of import quotas authorized by the State Economic and Trade Commission. National enterprises shall apply directly to the State Economic and Trade Commission. The agencies shall consolidate and balance all applications they have received and submit them, together with the proposed volume of import quotas for their regions or industry sectors, to the State Economic and Trade Commission.

Applicants applying for non-state trading import quotas shall apply through local agencies responsible for the administration of import quotas. The agencies shall forward the applications to the State Economic and Trade Commission.

**DECREE OF THE STATE ECONOMIC AND TRADE COMMISSION OF
THE PEOPLE'S REPUBLIC OF CHINA
No. 52, 2002**

The allocation methods for import quantity of automobile tires under import quota and application procedure in the year 2003 are hereby published in line with the Regulations on the Administration of Import and Export of Goods of the People's Republic of China and China's commitments for accession to the World Trade Organization. All eligible importers for automobile tires may apply for the import quotas through agencies responsible for the administration of import quotas authorized by the State Economic and Trade Commission or directly to the State Economic and Trade Commission. The State Economic and Trade Commission shall proceed the application is from August 1, 2002 to August 31, 2002.

Annex: The allocation methods for import quantity of automobile tires under import quota and application procedure in the year 2003.

State Economic and Trade Commission

July 31, 2002

Annex

**THE ALLOCATION METHODS FOR IMPORT QUANTITY OF AUTOMOBILE TIRES
UNDER IMPORT QUOTA AND APPLICATION PROCEDURE IN THE YEAR 2003**

1. Total volume of import quotas

The total volume of import quotas for automobile tires of 2003 is 1.23 million pieces.

2. Allocation methods (import quotas shall be allocated by taking into the following conditions):

- 1) Applicant's previous import performances;
- 2) Applicant's filling rate of previous import quotas;
- 3) Applicant's production capacity, business size and sales performance;
- 4) New applicant's conditions;
- 5) Other factors need to be taken into account.

3. Required materials for application:

- 1) Applicant's basic information: photocopies of business licence, registered capital, production capacity, business size, sales revenue and total amount of taxes paid;
- 2) Base amount of import quotas for automobile tires and import performance in recent three years (2000-6.2002) (import performance shall be identified in line with the statistics of the Customs);
- 3) Types and volume of import quotas for automobile tires for which applicants have applied for 2003.

4. Application procedures

Applicants shall apply for the import quotas through agencies responsible for the administration of import quotas authorized by the State Economic and Trade Commission. National enterprises may apply directly to the State Economic and Trade Commission. The agencies shall consolidate and balance all applications they have received and submit them, together with the proposed volume of import quotas for their regions or industry sectors, to the State Economic and Trade Commission.
