

## China Promotes Experience of FTZs to Nationwide

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On 23<sup>rd</sup> May 2018, the State Council promulgated the Circular on the 4<sup>th</sup> time promoting PFTZ's experience to Nationwide (Guofa [2018] No.12, hereinafter "the Circular"), stating to promote 30 practices from 11 PFTZs including Shanghai PFTZ to Nationwide. The report will give a brief introduction of the background as well as main contents of the new Circular.

### BACKGROUND

"Replicable and promotable practice" is one of the basic requirements when putting PFTZs under construction. By now, up to 153 practices piloted in PFTZs have been replicated to nationwide and specific areas since 2013 when Shanghai PFTZ was established. In recent years, with further development, PFTZs has again produced a series of high efficient and replicable achievements. Under such circumstance, the State Council decided to expand the promotable experience to nationwide and some specific areas so as to deliver a positive impact on all areas as much as possible.

### HIGHLIGHTS

The Circular concludes 30 practices, among which 17 practices are from the 7 new PFTZs established last year. There are in total 27 among 30 practices which will be promoted to nationwide, including 5 practices in service industry like broadening areas for setting up partnership-type law firms jointly owned by partners from the Chinese mainland, Hong Kong, and Macao and further opening-up in areas of international shipping services.

Further, another 6 practices are addressed in investment management such as "one company one license regarding industrial manufacturing permit", "two-in-one filing of foreign trade business operators and certificate of origin<sup>1</sup>", "three-in-one shipping certificate". Last but not least, there are 9 practices in trade facilitation such as "cross-department one-time joint inspection" and 7 practices about executing on-going and post-supervision on conducting business.

On the other hand, there are totally 3 practices replicated to specific areas, among which 2 practices in customs special supervision areas and 1 in both customs special supervision areas and bonded logistics centres (Type B). The circular clarifies the promotion task so that all department can execute own functions based on it. Please refer to below table for practices to be promoted.

1. Certificate of origin (CO) is an export document to certify the country of manufacture of a shipment. It is normally required by customs, banks and traders for trade formalities.

【Table 1: practices to be promoted(abstract)】

Area	Practice	Main contents(based on public information)
Nationwide	Collective information sharing mechanism	<ul style="list-style-type: none"> <li>Market and Quality Supervision Commission and People's Court shall share data of enterprises' credit information platform by exerting technological system, helps to enhance delivery efficiency</li> </ul>
	"Three-in-one shipping certificate" management	<ul style="list-style-type: none"> <li>The application of Certificate of Nationality of Ship, Minimum Safe Manning Certificate, civil liability insurance of oil pollution damage or other financial pledge could be jointly managed</li> </ul>
	"Two-in-one filing" of foreign trade business operators filing and certificate of origin	<ul style="list-style-type: none"> <li>After the Ministry of Commerce (MOC) execute filing registration of foreign trade business operator, inspection and quarantine bureau is able to use verification result from MOC and directly qualify the subject company the certificate of origin</li> <li>And MOC department shall release the foreign trade operator filing registration form including filing information of certificate of origin, which is deemed the accomplishment of registration regarding certificate of origin</li> </ul>
	Cross-departmental one-time joint inspection	<ul style="list-style-type: none"> <li>Two or above ports shall well cooperate and jointly execute cross-departmental one-time inspection on same subject as much as possible when necessary</li> </ul>
	The mode of "release first, revise later"	<ul style="list-style-type: none"> <li>For companies who are eligible to revise contents, it is permitted to have the goods released initially and go through revision procedures within 3 days. The goods released initially are permitted to lade on ship but prohibited from signing custom seal before accomplishment of revision process</li> </ul>
	The mode of warehouse receipt regarding railway transportation	<ul style="list-style-type: none"> <li>For those bulk imported commodities which are in same name, size, contract, company and batch, single warehouse receipt is applicable for declaration</li> </ul>
	The mode of joint inspection and quarantine regarding importing bulk commodity	<ul style="list-style-type: none"> <li>To carry out direct pick-up or advance some sessions such as quarantine for bulk container mine products and electronic equipment. Quarantine will be executed on only container surface but without opening box. On the other hand, the inspection and quarantine of container inside will be executed in the place of use</li> </ul>
	Implementation of "one company one license" regarding manufacturing license for industrial products	<ul style="list-style-type: none"> <li>Manufacturing companies who equip with business license are permitted to apply for manufacturing permit by one time for all kinds of products. Related authorities shall issue a piece of manufacturing license for industrial products after performing verification and meanwhile illustrate the permitted product names in the copy</li> </ul>
Customs special supervision area	Implementation of "four initiatives and one streamline"	<ul style="list-style-type: none"> <li>To have companies initiatively executed filing, decision of write-off period, report and overdue tax payment and streamline approval process</li> </ul>
Customs special supervision area and bonded logistics centres (Type B)	The mode of "entry first, declare later"	<ul style="list-style-type: none"> <li>Company is able to transport goods into Customs special supervision area with the inward manifest information and carry out the filing list declaration process within a limited time</li> </ul>

## COMMENTS

PFTZs, constructed as a testing ground of innovative policies and regulations, playing a significant role in exploring new development models and better catch up with the international practices regarding aspects including but not limited to economy. PFTZs has made considerable progress in investment management, trade facilitation and other areas of institutional innovation since established.

It is the fourth time China promotes replicable experience to nationwide, covering a wide range, including service industry opening-up as well as enhancement of trade facilitation. And most of it is applicable to be promoted into nationwide. In the next step, it will be PFTZ's significant task to further promote it in a comprehensive area.

On the one hand, the Circular does not clearly disclose the effective date on it. However, the Circular emphasizes governments in all levels shall consider PFTZs' experience promotion as a key task. In the same time, related departments in the State Council will release regulations concerned and detailed measurements and practices. We will keep an eye on related issues and share latest information.

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