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## China, Peoples Republic of

### Food and Agricultural Import Regulations and Standards

### Bonded Trade Product Import Ban on Poultry, Seeds and Other Commodities

**2004**

**Approved by:**

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**Report Highlights:**

On November 1, China implemented a ban on bonded trade for processing and re-export of certain poultry products, planting seeds and other agricultural and non-agricultural commodities. FAS/China expects the ban to have limited impact on US trade with China. In fact, documents cited in the announcement indicate a ban was already in place for several goods, and that this announcement serves as a reminder that products entering China duty-free cannot be re-directed to the domestic market. MOFCOM officials told post they did not notify the WTO of this regulation because similar rules were announced in 2000.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Beijing [CH1]  
[CH]

On October 27, 2004, China's Ministry of Commerce (MOFCOM) announced a revision to its ban on bonded trade for processing and re-export of certain imported agricultural products and inputs; including, poultry, planting seeds, ginseng, animal feeds, food additives and chemical fertilizer. The ban on bonded trade for several of the commodities was already in place through the various batches of the "Catalogue of Commodities Prohibited from Being Imported and Exported", and therefore, the impact on exports from the United States to China should be minimal.

The MOFCOM website carries an UNOFFICIAL translation of the ban ([http://english.mofcom.gov.cn/article/200410/20041000297561\\_1.xml](http://english.mofcom.gov.cn/article/200410/20041000297561_1.xml)) along with an additional statement providing a list of the banned products

([http://english.mofcom.gov.cn/article/200410/20041000298072\\_1.xml](http://english.mofcom.gov.cn/article/200410/20041000298072_1.xml))

The original Chinese language document and the appendices are available, as well (see [http://www.mofcom.gov.cn/article/200410/20041000297126\\_1.xml](http://www.mofcom.gov.cn/article/200410/20041000297126_1.xml)).

MOFCOM officials told post they did not notify the WTO of this regulation because similar rules were announced in 2000.

Officials indicate this trade ban is in response to the illicit activity where processors importing bonded product tariff-free then re-direct the product to the domestic market. For example, a MOFCOM official reports chicken products entering China under the auspices of processing trade are zero-tariff. However, with such strong domestic demand these products, some processors may re-direct those products to Chinese consumers. Additionally, with the large volume of similar products entering the country directly, it has been extremely difficult for Customs and other government officials to monitor products destined for re-export or for direct domestic consumption.

According to industry contacts, this new MOFCOM regulation will have a limited impact on US agricultural exports. For example, China removed the ban on US poultry products (except Connecticut and Rhode Island) on November 9, 2004, and the vast majority of imported US poultry, chicken paws and wingtips are directly consumed in China. Bone-in-leg poultry, the main U.S. poultry product imported into China for processing and re-export, is not included in MOFCOM's announcement. Furthermore, the United States remains the only country permitted to export raw/frozen meat and poultry products directly to the Chinese retail sector. This product likely never enters China via the bonded trade channels.

The banned bonded poultry products include frozen chicken wingtips, chicken paws, chicken livers and other chicken giblets (imported commodity HS Code: 02071429).

## BEGIN TRANSLATIONS

*Ministry of Commerce, General Administration of Customs, and State Environmental Protection Administration 2004 Joint Announcement No. 55  
October 29, 2004*

In accordance with the Foreign Trade Law of the People's Republic of China, the Custom Law of the People's Republic of China, the Law of Air Pollution Prevention and Control of the People's Republic of China as well as other requirements related to national industrial policy, the banned commodity lists for processing trade are now adjusted and published (refer to Appendix No. 1).

At the same time, some of the documents related to prior banned commodities for processing trade published are now terminated (refer to Appendix No. 2).

This Announcement takes effect on November 1, 2004. For those commodities related to this adjustment and updated ban, if they have already been examined and approved by the Department of Commerce (the Department of Foreign Trade and Economic Cooperation) and have also been registered with Customs, the processing trade operations for those commodities is permitted to be finished during the period of validity. However, the processing trade handbook will not be prolonged over the expiring date. Those commodities cannot be cancelled inside the country.

Henceforth the catalogue and the tax number for banned commodities of the processing trade will be adjusted and updated annually in line with the development of the national economy as well as industrial policy. If any department should encounter a problem or have any suggestion during the execution, please put forward the item in a timely manner.

Appendix 1: Banned Commodity Lists of Processing Trade

Appendix 2: Terminated Documents Related to the Banned Commodities of Processing Trade (including frozen chicken wingtips, chicken paws, chicken livers and other chicken offal under HS Code 02071429, see note below for translation of the terminated document)

Ministry of Commerce, General Administration of Customs, State Environmental Protection Administration  
October 2004

## Note:

Translation of the terminated documents related to the banned commodities of processing trade (frozen chicken wingtips, chicken paws, chicken livers and other chicken offal under HS Code 02071429) as mentioned in the Appendix 2:

*Notice on the banned commodities of processing trade of frozen chicken wingtips, chicken paws, chicken livers and other chicken offal  
No. 1178 by SETC and MOFTEC in  
December 13, 2000*

To provinces and cities and MOFTEC bureaus, Guangdong Branch of China Customs, all customs branches and relevant departments of the State Council,

To implement the orders by leaders of the State Council and strengthen management on processing trade on frozen chickens, hereby to notify on the issue:

Effective from January 1st, 2001, the frozen chicken wingtips, chicken paws, chicken livers and other chicken offal (under HS Code 02071429) are banned for processing trade.

State Economic and Trade Commission (SETC)  
Ministry of Foreign Trade & Economic Cooperation (MOFTEC)  
General Administration of Customs  
December 13, 2000

END TRANSLATION

(End of report)