

# Customs Clearance News

November

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# 2023

## Shanghai Xinhai Customs Broker Co.,LTD Customs Newsletter of November

- / Customs Compliance Carrying Out--Enterprises and Individuals Careful with the Sale of Substances Capable of Producing Drugs
- / Facilitation Measures to Promote High-Quality Development of Processing Trade
- / A First Look at December New Policies
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Xinhai Customs Service Team

November, 2023



## **01 . Customs Compliance Carrying Out--Enterprises and Individuals Careful with the Sale of Substances Capable of Producing Drugs**

The Office of the National Narcotics Control Commission issued a notice to Interpret the policy of reminding relevant enterprises and individuals to be careful about the sale of drug-producing goods

## **02 . Drugs/Facilitation Measures to Promote High-Quality Development of Processing Trade**

Announcement On Supporting Authorized Economic Operators in the Comprehensive Free Trade Zone to Carry out Business of Delivering Goods in Batches and Making Centralized Declaration Exemption from Guarantee/ Announcement on the Implementation of Measures to Relax the Time Limit for Declaration of Deep Processing Transit of Processing Trade

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# 01

## **/ Customs Compliance Carrying Out / Careful with the Sale of Drugs Producing Goods**

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# Customs Compliance Carrying Out--Enterprises and Individuals Careful with the Sale of Substances Capable of Producing Drugs



## *What are Precursor Chemicals ?*

Precursor chemicals refer to substances, such as precursors, raw materials and chemical auxiliaries, which are controlled by the State and can be used for the manufacture of drugs. According to Article 2 of Chapter I of the Regulations on the Administration of Precursor Chemicals, precursor chemicals are divided into three categories. The first category is the main raw materials that can be used for drug production, and the second and third categories are chemical formulations that can be used for drug production.



On November 16, 2023, the Office of the National Narcotics Control Commission issued the Notice of the Office of the National Narcotics Control Commission to the whole society, reminding the relevant enterprises and the general public to abide by the relevant laws and regulations of the State when engaged in business activities, and prevent the production, trafficking and smuggling of narcotic drugs and psychotropic substances and drug-producing substances from committing crimes. At the same time, we will guard against the risk of "long-arm jurisdiction" and "fishing law enforcement" by overseas law enforcement agencies, and safeguard the legitimate rights and interests of Chinese enterprises and citizens.



# Does the Risk of Drug Control Really Have Nothing to Do with Us? NO!



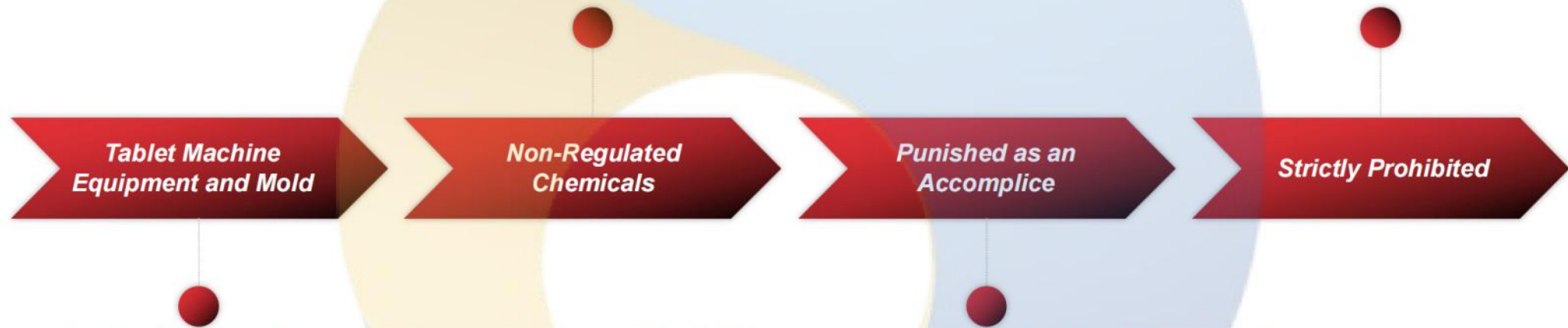
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## Import and Export Enterprises

Those who know that an unregulated chemical is controlled as a drug or precursor in some country and still sell, transport or export that substance to the relevant country may face criminal charges or sanctions by the law enforcement authorities of that country.

## Individuals

It is strictly prohibited for individuals to bring into or out of the country precursor chemicals other than pharmaceutical preparations of precursor chemicals in category I and precursor chemicals other than potassium permanganate.



## Manufacturing Enterprises

The production, operation, import and export enterprises and individuals of tablet machine equipment and molds should be cautious about orders from the United States and Mexico so as to prevent the flow of illegal channels and the risk of "phishing law enforcement" or sanctions .

## Mail, Express and Logistics Enterprises

Whoever produces, sells, transports or imports or exports non-regulated chemicals and equipment for others, knowing that they will use certain non-regulated chemicals and equipment to illegally manufacture narcotic drugs or psychotropic substances, shall be punished as an accomplice in the crime of drug manufacturing.



# Points of Risk Prevention and Control for the Declaration of Precursor Chemicals of Enterprises



## *Supervision in the Process of Import and Export Links*

Import and export of precursor chemicals in any way need to apply for the import (export) License of dual-use items and technologies.

## *How to Determine If the Mixture Requires a License?*

Goods containing one of the four precursor chemicals toluene, acetone, butanone and sulfuric acid in a proportion greater than 40% (excluding) and goods containing hydrochloric acid in a proportion greater than 10% (excluding).

## *How to Determine If the Other Mixtures Require a License ?*

- 1) Containing two or more of the four kinds of precursor chemicals of toluene, acetone, butanone and sulfuric acid, the content of a single component does not exceed 40%, but the total content of more than 40% of the mixture.
- 2) Other mixtures containing precursor ingredients.

# Export Enterprises Assess the Risk Warning of the Trading of Precursor Chemicals



Be alert to the risks of export items being used to manufacture drugs and possible "long-arm jurisdiction" or even "phishing law enforcement" !

## Risk Point 1:

Customers in the United States or Mexico are not willing to let you know the end use of the precursor chemicals they purchased.



## Risk point 2:

Precursor chemicals are not applicable to the industry in which the customer engaged in.



## Risk Point 3:

Customers in the United States or Mexico are not familiar with the use of precursor chemicals, but still want to buy the product



## Risk Point 4:

Orders for tablet machine equipment and molds from the United States and Mexico are paid in cash.





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# 02

## Facilitation Measures to Promote High-Quality Development of Processing Trade

In order to improve the high level of development of processing trade, the General Administration of Customs issued the Implementation Plan for the Reform of the General Administration of Customs to Promote the Sustainable High-quality Development of Processing Trade, proposing 16 reform measures. On November 14, 2023, the General Administration of Customs issued Announcement No. 166 of 2023 (Announcement on the implementation of measures to relax the time limit declaration of deep processing transit of processing trade).





# Implementation Plan for the Reform of Promoting the Sustainable High-quality Development of Processing Trade



The Implementation Plan of the General Administration of Customs to Promote the Sustainable and High-quality Development of Processing Trade puts forward 16 reform measures in three aspects: improving the level of facilitation, promoting regional coordinated development, and strengthening the defense line of safe development.

## To Improve the Level of Facilitation and Continue to Optimize the Business Environment

Relaxing the time limit for the centralized declaration of the deep processing transit ; Optimizing the management of export return and exchange of finished products in processing trade;

## Promoting Coordinated Regional Development and the Gradient Transfer of Processing Trade

Simplifying the procedures for domestic procurement of equipment out of the zone and supporting the development of new forms of processing trade

## Adhere to the Bottom Line Thinking and Building A Strong Security Development Line

Studying to improve the system of rules and regulations; promoting the development of a smart bonded supervision system

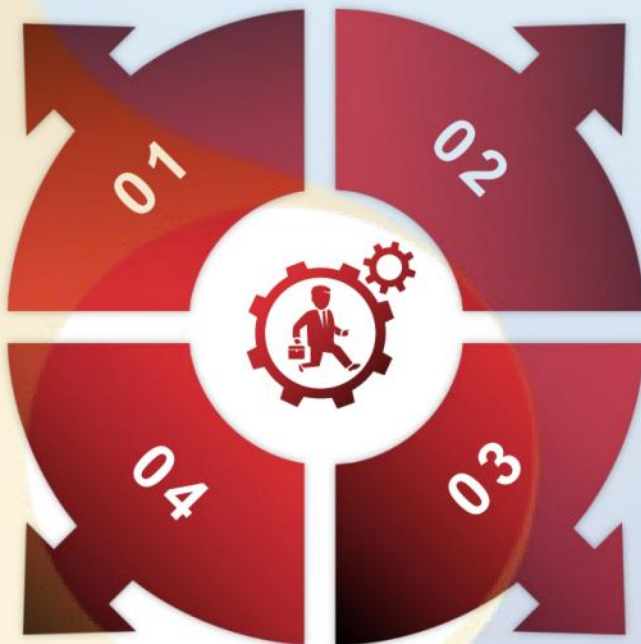


# ➤ Troubles from Processing Trade Enterprises



**Tight Time Limit for the Formalities of Deep-Processing Transit !!**

**Too High Threshold for Applying for Enterprise Group Access !!**



**Electronic account book verification has been closed, the enterprise can not complete the return and exchange of finished products !!**

**The formalities for centralized domestic sales are too cumbersome !!**

# Hit the Pain Points—The General Administration of China Customs Has Introduced Measures to Facilitate Processing Trade



## Announcement No.166 of 2023 By GACC

### ☆ Relax the Time Limit of Centralized Declaration for Deep Processing Transit

#### Original Requirement:

Enterprises should make a centralized declaration of the deep processing transit of the previous month before the 15th of each month.

#### After Adjustment:

Enterprises are allowed to make centralized declaration before the end of each month on the last month's deep processing transit check list and customs declaration form.

### ☆ Expanding the Applicable Scope of Regulatory Model for Processing Trade among Enterprise Groups

#### Original Requirement:

The lead enterprise of the enterprise group must be an Authorized Economic Operator.

#### After Adjustment :

Non-dishonest processing trade enterprises in information technology, artificial intelligence, biomedicine, new energy, new materials, major equipment manufacturing and other industries are allowed to carry out processing trade business of enterprise groups as lead enterprises.

### ☆ Improving Management of Export Returns and Exchanges of Finished Products in Processing Trade

#### Original Requirement :

The exported finished products that have been written off under the account books of processing trade cannot be declared in the way of "return of finished products" .

#### After Adjustment :

If the formalities of "return and exchange of finished products" cannot be handled within the same verification cycle, the enterprise may, with the approval of the Customs, handle the relevant formalities of "return and exchange of finished products" across a verification cycle under the same account book.

### ☆ Optimizing Formalities of Centralized Domestic Sales

#### Original Requirement :

Enterprises dealing with centralized domestic sales need to go through the formalities for the record with the customs in advance and submit relevant materials.

#### After Adjustment :

Non-dishonest enterprises dealing with centralized domestic sales need not file with the Customs.



# Take a Look at What other Customs New Policies for the Bonded Business?



## Delivering Goods in Batches and Making Centralized Declaration

Notice on Supporting Authorized Economic Operators in the Comprehensive Free Trade Zone Carrying Out the Business of Delivering Goods in Batches and Making Centralized Declaration to Be Exempted from Guarantee (Notice No. 148 of 2023), the AEOs may apply to the competent customs in the comprehensive free trade Zone for exemption from guarantee.

## Bonded Maintenance

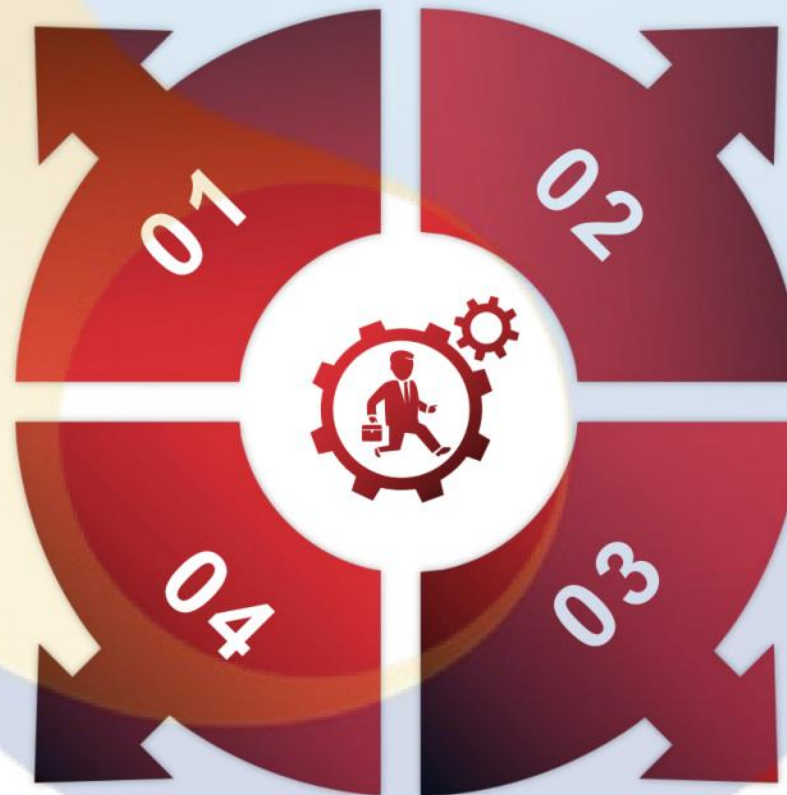
Announcement on the Release of An Additional Catalogue of Maintenance Products in the Comprehensive Bonded Zone (No.45 of 2021). By this announcement, 15 categories of products such as aircraft internal combustion engines, aircraft landing gear, drones, and B-type ultrasonic diagnostics are added to the catalogue of maintenance.

## Addition of Supervision Methods of Bonded Products

"Announcement on the Addition of Bonded Exhibits and Bonded Transit Supervision Methods". By this customs supervision methods 5072, 5073, 6072, 6073 are added.

## Bonded Warehouse

Measures for the Management of Bonded Warehouses. If the bonded warehouse has completed the customs formalities, the consignee or consignor shall leave the warehouse within 20 days from the date of completing the relevant formalities.





# 03

## **A First Look at December New Policies**

Announcement on the Optimization and Adjustment  
of Temporary Export Control Measures for graphite  
items/New Regulation on Electronic Account  
Supervision in the Comprehensive Zone

## Good News--Optimization and Adjustment of Temporary Export Control Measures for graphite items



**From December 1, 2023, other graphite items exported HS codes such as 85459000 no longer need export licenses.**

Announcement No. 39 of 2023 by the General Administration of Customs and the Ministry of Commerce (Announcement on Optimizing and adjusting temporary export control measures for graphite items) The commodity codes that need to be licensed for temporary export control are 3801100030, 3801909010, 6815190020, 2504101000, 2504109100, 3801901000, 3801909010, 3824999940, 6815190020.



### ***Addition***

Among them, the newly added HS codes from December 1 are as follows  
2023:3801100030, 3801909010, 6815190020, 3801909010, 6815190020.



### ***Deletion***

From December 1, 2023, the HS codes that will no longer be included in the temporary control are: 8545110000, 8545190010, 8545190090, 8545900000.

# »» A First Look at December New Policies



## Announcement on Matters Related to the Identification Standards of Dishonest Enterprises

Non-customs declaration enterprises due to non-subjective intent, violated customs regulations and the violation led to Customs administrative punishment within 1 year, were not included in the Customs identified dishonest enterprise credit status records.



## New Regulation of Electronic Account Management in the Comprehensive Bonded Zone.

The Customs shall conduct verification and management of processing account books in accordance with the verification period. The verification cycle can be determined in conjunction with the actual production and operation cycle of the enterprise.



## Frozen Colombian Beef

Imports of Colombian frozen beef that meet the requirements will be allowed from 15 November 2023. Colombian frozen beef, which is allowed to be imported, refers to frozen edible boneless beef.



## Sri Lanka's Wild Aquatic Products

Imports of Sri Lankan wild aquatic products that meet the requirements will be allowed from 13 November 2023. Wild aquatic products permitted to be imported into China this time refer to wild aquatic animal products and their products for human consumption





# Access Information for Animal and Plant Products



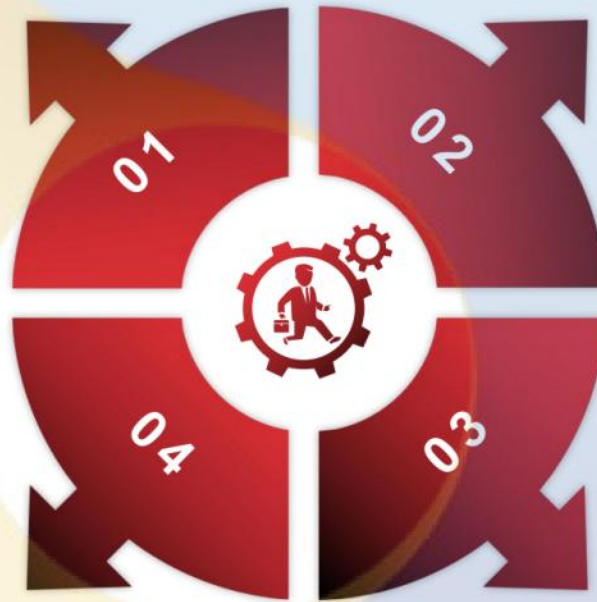
## Milk Products From Pakistan

Imports of Pakistan milk products that meet the requirements will be allowed from 6 November 2023.

The milk products imported from Pakistan to China refer to the food products originated in Pakistan and processed with cow milk or camel milk as the main raw material.

## Wild Aquatic Products From Indonesia

Import of Indonesian wild aquatic products that meet the requirements will be allowed from November 6, 2023. Wild aquatic products to be admitted this time refer to wild aquatic animal products and their products, algae and other aquatic plant products and their products for human consumption



## Wild Aquatic Products From Russia

From November 6, 2023, the import of Russian wild aquatic products that meet the requirements will be allowed. The wild aquatic products approved this time refer to the wild aquatic living resources for human consumption, namely fish, aquatic invertebrates, aquatic mammals, algae and other aquatic animal and plant products.

## Cultured Aquatic Products From Chile

Imports of Chilean farmed aquatic products that meet the requirements will be allowed from November 6, 2023. Cultured aquatic products for this access refer to cultured aquatic animal products and their products, algae and other Marine plant products and their products for human consumption.





# 04

## Excellent Show of Xinhai in China International Import Expo



# 2023 China International Import Expo —Wonderful Activities Broadcast of Xinhai



The second RCEP International Forum on Trade Facilitation, Xinhai Customs Broker as a thank you unit, Wang Min as the secretary general of the China Customs Brokers Association presided over the forum, China Customs Association Vice President, Xinhai Customs Chairman Wu Yanfen as the Expo Agricultural products Committee Roundtable forum guest, Mr. Jiao, Director of the Standard Law Center of the General Administration of Customs, Mr. Fan, Chief of the Department of the Import and Export Food Safety Department of Shanghai Customs, Mr. Li, Global Vice President of Metro Group, Mr. Pei, general manager of Louis Dreyfus and Mr. Wang, general manager of Cargill attended the meeting together.



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**Thanks for Watching**

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