

# Non-Traditional Customs Functions and Challenges



## Afghanistan Customs

阿富汗海关



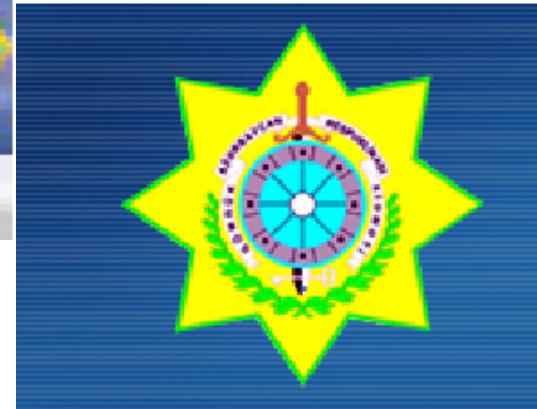
## Kazakhstan Customs

哈萨克斯坦海关



## Azerbaijan Customs

阿塞拜疆海关





Night view of the  
Independence  
Square,  
Turkmenistan

Lake Issyk-Kul,  
Kyrgyz Republic







Eastern Orthodox  
Church, Samarkand,  
Uzbekistan



Dushanbe,  
Capital of  
Tajikistan



Landscape of Ulan  
Bator, Capital of  
Mongolia

# Traditional Functions

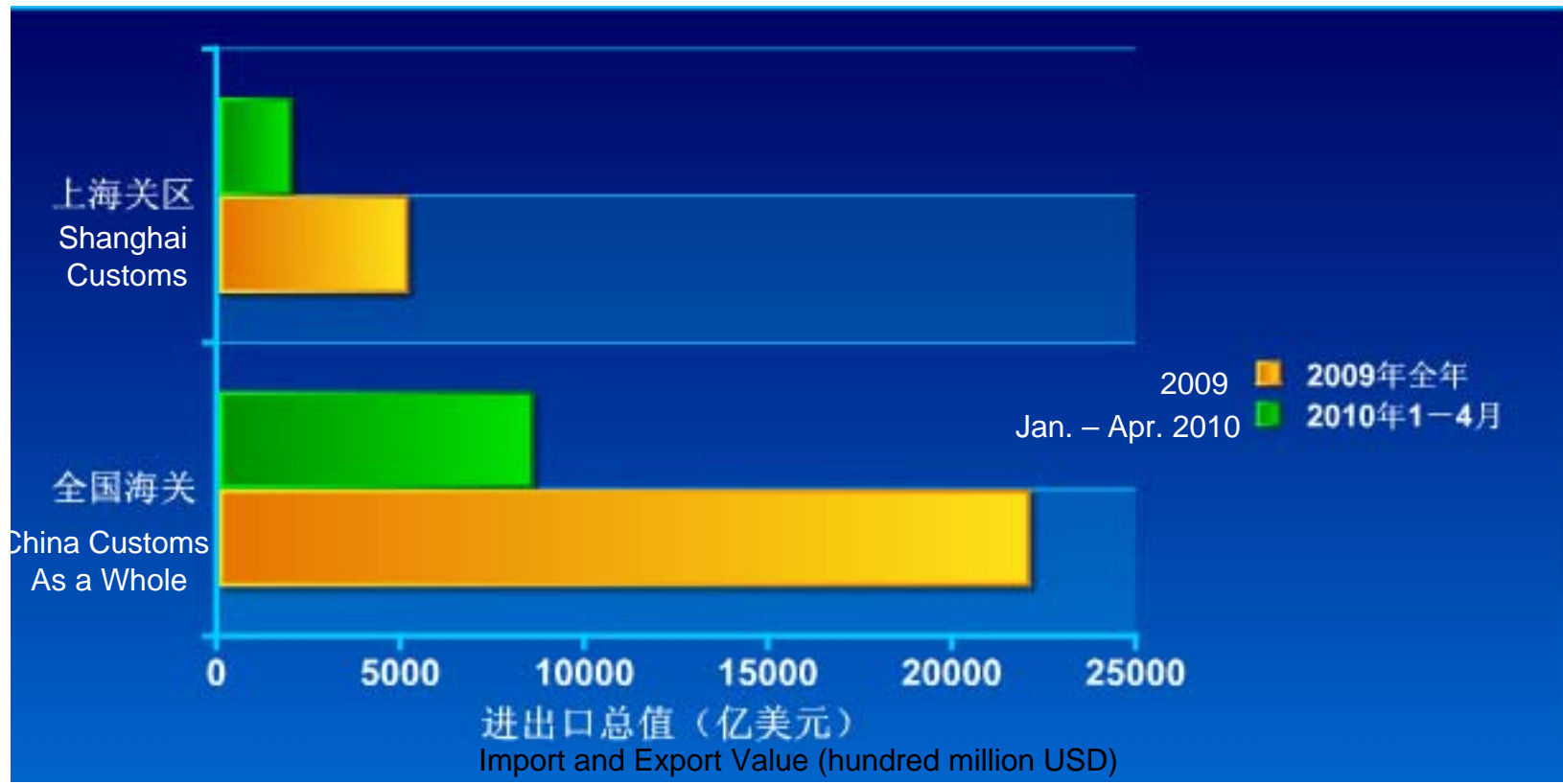
Customs Control

Duty & Tax Collection

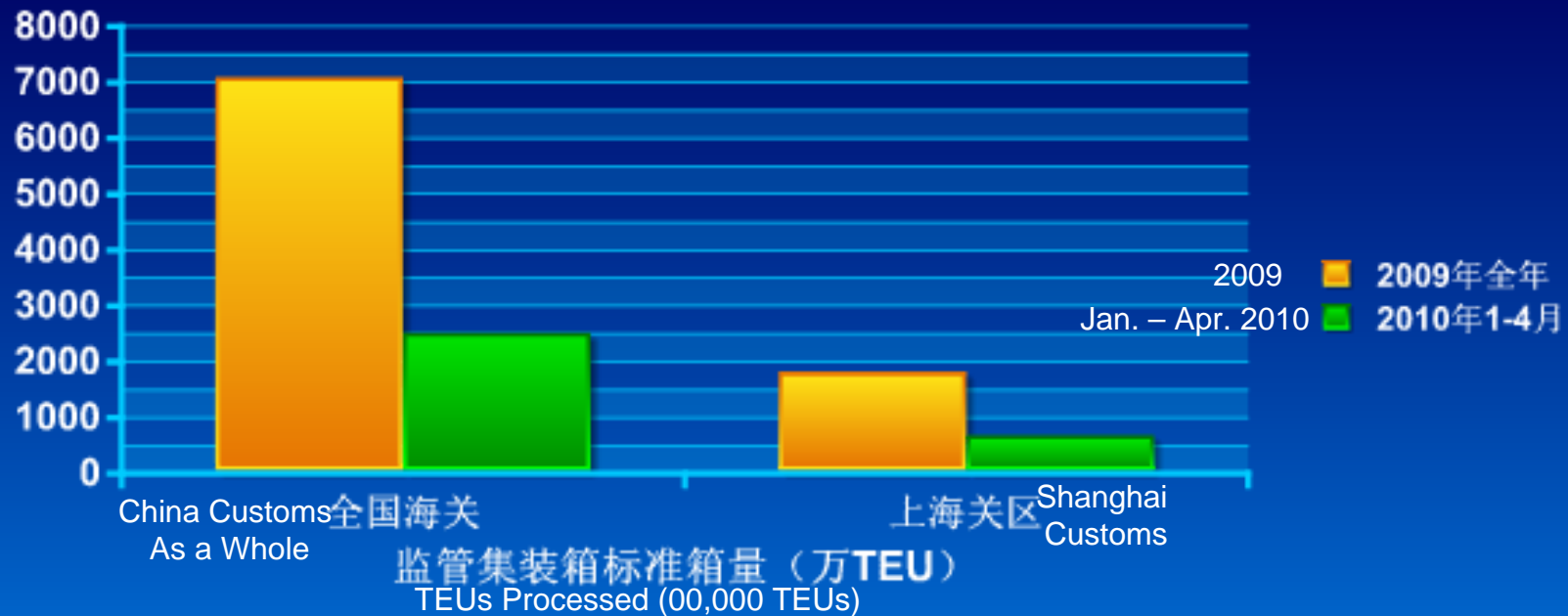
Counter-smuggling

Customs Statistics  
Compilation





# 监管 Customs Control



# 全国、上海海关征税情况 Duty & Tax Collection by China Customs As a Whole and by Shanghai Customs Alone

2009年全年

In 2009



征收税款 (亿元); 上海海关  
1,955.03; 17.50%

Duties and taxes collected by Shanghai Customs  
195.503 billion CNY 17.5%

Shanghai Customs

上海海关

Other Customs Houses

全国其他关区

征收税款 (亿元); 全国其他关区  
9,213.57; 82.50%

Duties and taxes collected by Other Customs Houses  
921.357 billion CNY 82.5%



# 2010年1-4月全国主要税收海关征税情况表

## Duties & Taxes Collected by Major Customs Houses from Jan. to Apr. 2010



**Background One:** In an increasingly globalized world with regional economies continually integrating, the need to facilitate international trade has become increasingly urgent.



**China and Central Asian countries put forward “security and counter-terrorism” and “economic and trade cooperation” as the two wheels of the strategic deployment of cooperation.**





Chinese President Hu Jintao, President of Turkmenistan Berdimuhamedov, President of Kazakhstan Nazarbayev, President of Uzbekistan Karimov jointly opened the valve of the **China - Central Asia gas pipeline.**

## Major Regionally Integrated Economies in the World



EU



NAFTA



APEC



**Background Two:** Profound impact of the international financial crisis is further manifested, with trade frictions and protectionism on the rise.

**Background Three: Various challenges are posed to national security and social stability.**

**Background Four:** Trading in intellectual property rights and services now account for an increasing share of global trade, bringing new challenges to Customs control and services.

**Background Five:** In 2005, the WCO adopted the Framework of Standards to Secure and Facilitate Global Trade, advocating major reforms of the current Customs operational models, in order to enhance Customs capacity to address the dual challenges of security and facilitation.

# 《Framework of Standards to Secure and Facilitate Global Trade》



◆ 9/11 in US, explosions in Madrid, Spain, explosions in the subway stations of London, UK, and a series of other terrorist attacks have made security a top concern in trade area. It is put onto the our agenda as an important item seriously and quickly.

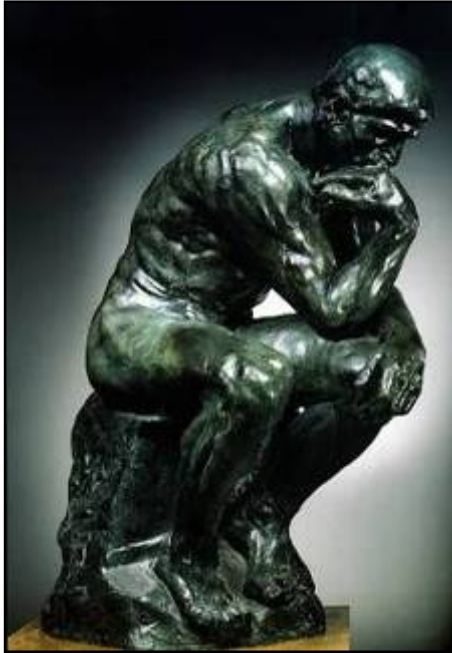
◆ In June 2005, the World Customs Organization (WCO) adopted a package of documents to ensure security and facilitation of the international trade supply chain, including the Framework of Standards to Secure and Facilitate Global Trade (SAFE). China was among the first member administrations to sign the letter of intent of implementation of SAFE.





## Six Objectives/Principles under SAFE

- ◆ Formulation of global standards for security and facilitation of supply chain to promote stability and predictability;
- ◆ Formation of integrated supply chain management applicable to all modes of transport.
- ◆ Enhancement of the roles, functions and capacity of Customs in response to challenges and opportunities in the 21st Century;
- ◆ Enhancement of cooperation among member administrations to improve the capacity for identifying high-risk goods;
- ◆ Enhancement of cooperation between Customs and the business community;
- ◆ Protection of the security of international trade supply chain for smooth movement of goods.



**Customs inspecting exhibition items  
for the Shanghai World Expo:**

**A masterpiece of Auguste Rodin:  
The Thinker**

Non-traditional Customs Functions

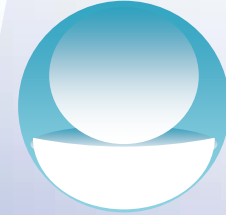
Protection of Intellectual Property Rights by Customs

Counter-terrorism and maintaining stability

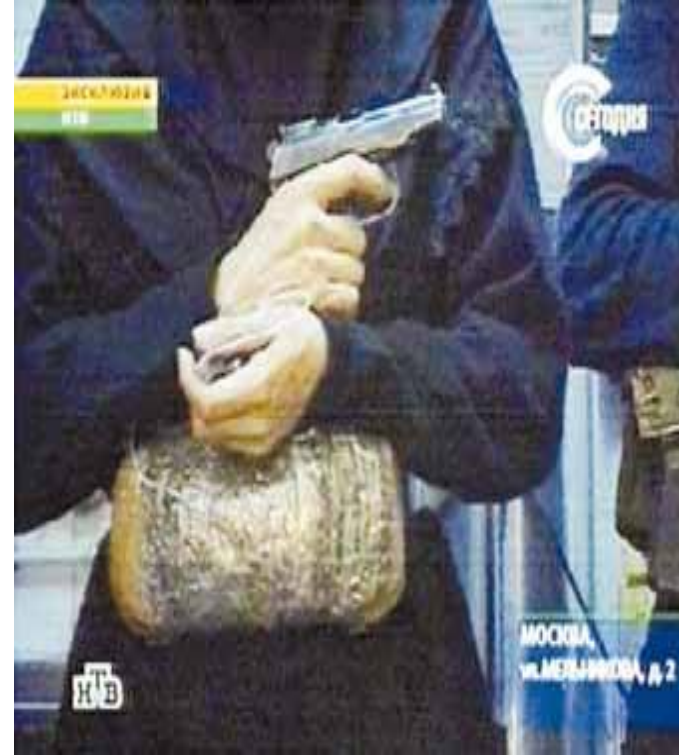
Environment-friendly and low-carbon economy

Protection of Endangered species

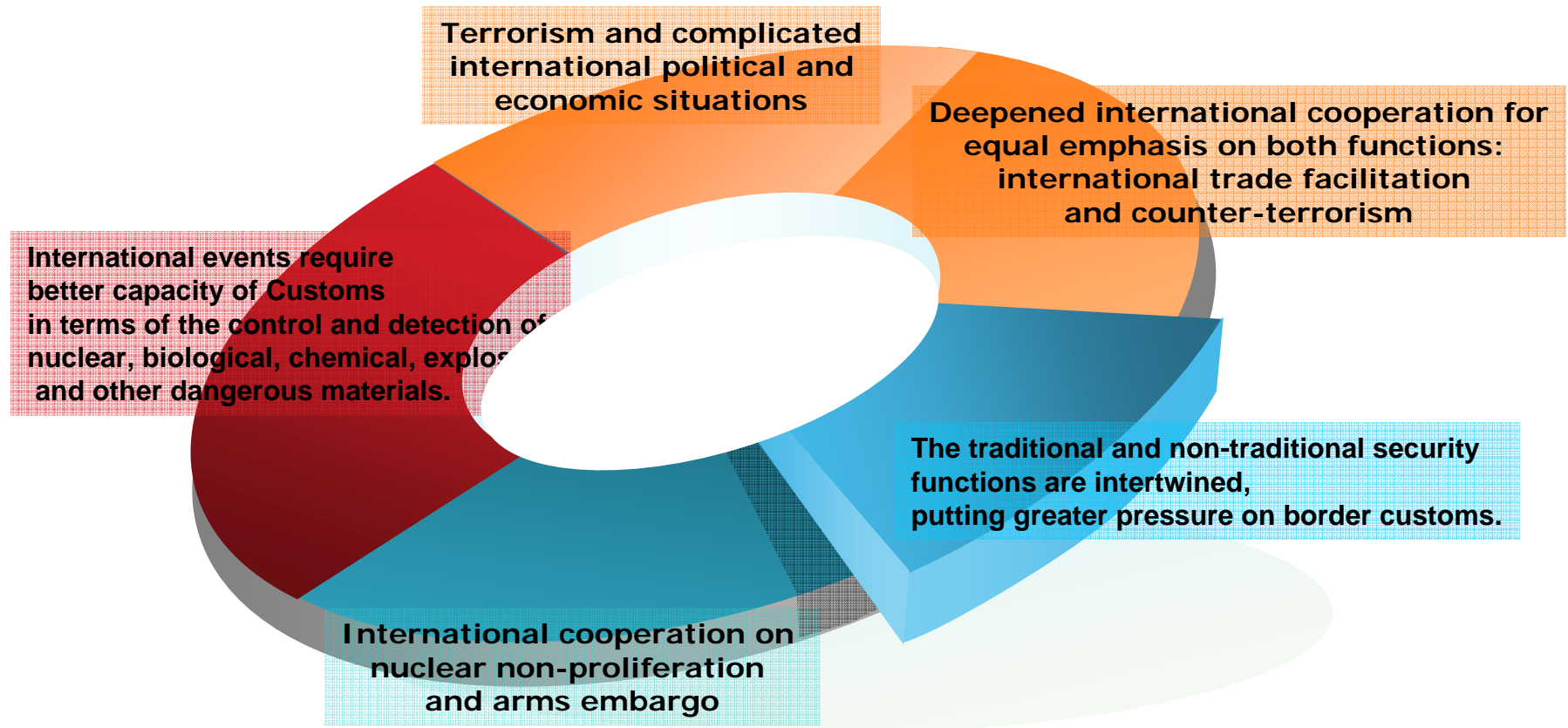
Exhibition economy



# Counter-Terrorism and Maintaining Stability



# Background on counter-terrorism and maintaining stability





After 9/11, U.S. Customs initiated the following counter-terrorism actions:

- ◆ Customs-Trade Partnership Against Terrorism (C-TPAT)
- ◆ Project Shield America
- ◆ 24-Hour Rules
- ◆ Container Security Initiative (CSI)



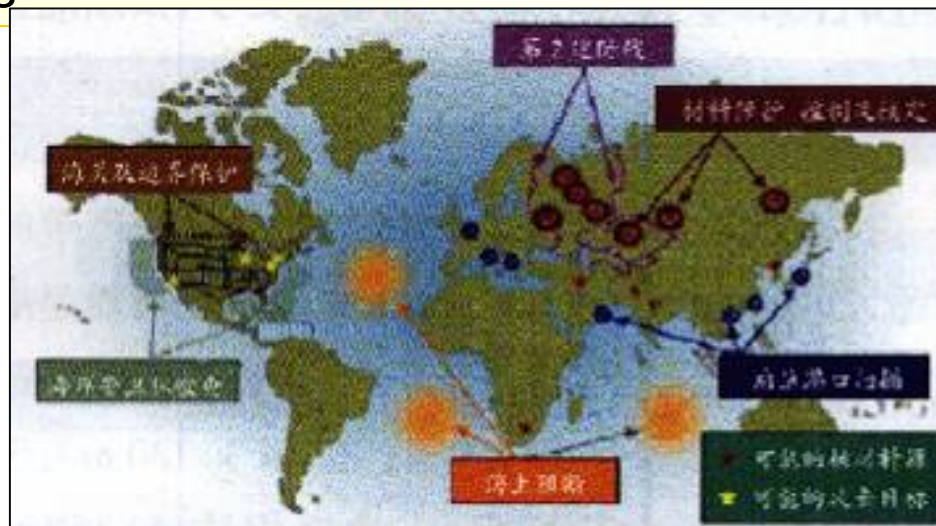


- ◆ In Sept. 2002, Rotterdam of the Netherlands became the first port to implement CSI.
- ◆ In Aug. 2003, Port of Busan, South Korea, began to implement CSI.
- ◆ In April and June 2005, China-US CSI cooperation kicked off in Shanghai and Shenzhen respectively.
- ◆ CSI expanded to over 50 ports with the promotion of the US.

In Aug. 2007, US Congress passed a new act on scanning of goods, mandating the scanning at foreign ports of all US bound maritime containers. This act, in principle, will be implemented starting from July 1, 2012.

### Purposes of this Act

- ◆ to patch up loopholes in the prevention of proliferation of nuclear materials
- ◆ to reduce the security risks of containers
- ◆ to transfer the security costs of US onto other countries



**Control System of Nuclear Materials Which Might Be Transported into US Illegally and Their Means of Delivery**

On Sept. 19, 2006, former Minister of China Customs, Mr. Mu Xinsheng, on behalf of China Customs, signed the Agreed Minutes and the Joint Memorandum of Understanding on Smart and Secure Trade Lanes with EU Commissioner for Taxation and Customs Union.

Participating ports: Shenzhen, PRC; Rotterdam, the Netherlands; Felixstowe, the U.K.

Core elements of the pilot: establishment of AEO criteria and realization of mutual recognition; advance submission of information and data exchange, establishment of minimum control standards and minimum risk parameters, and realization of mutual recognition of customs control results; utilization of information technology and other technological means



Environment-friendly  
low-carbon economy

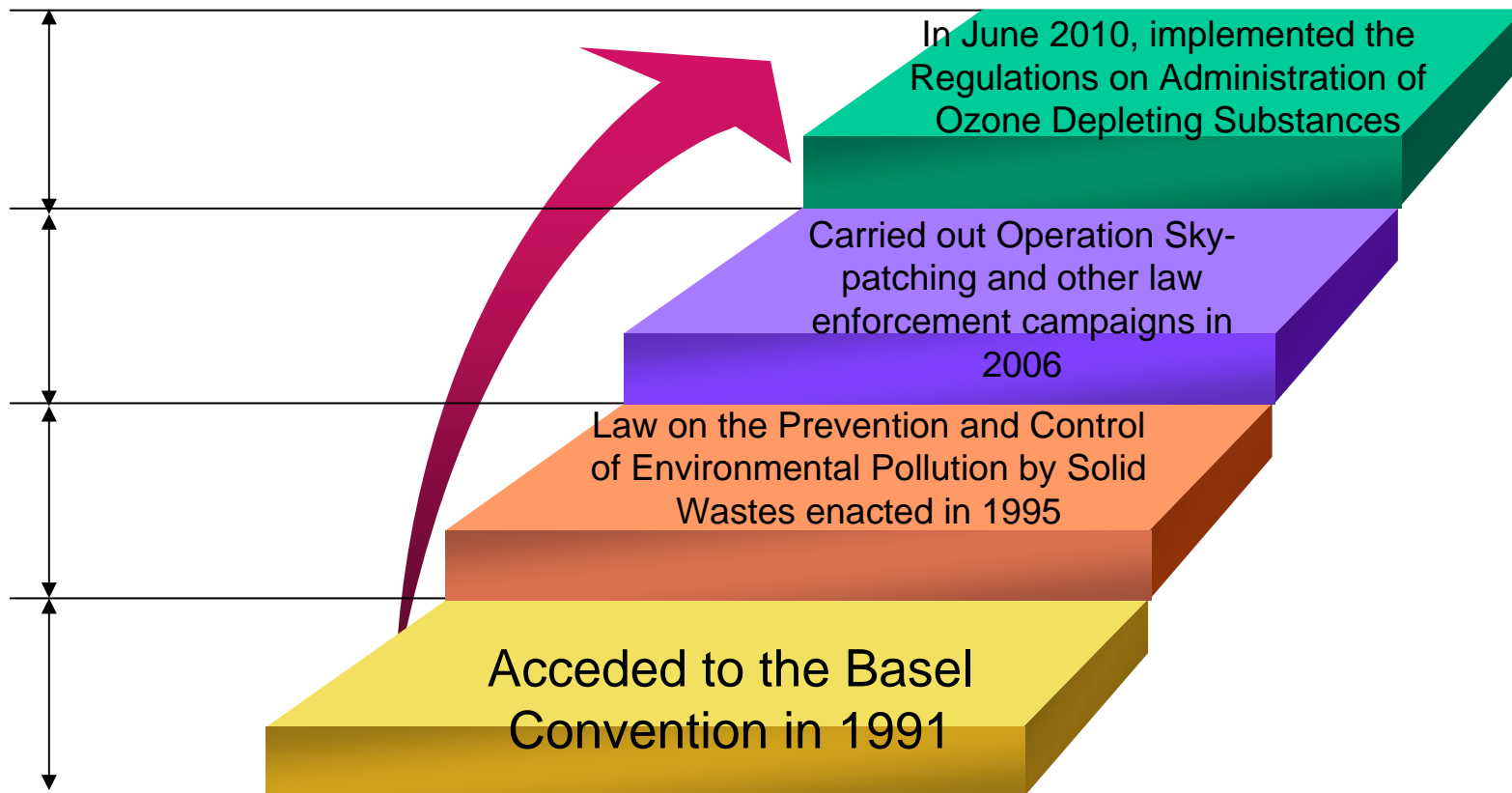




# Global Climate Change and Low-Carbon Economy



# Progress of Legislation on Environmental Protection in China



**In 1991, China acceded to the Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and Their Disposal.**

**Basel Convention is the fundamental international legal document on the control of illicit spread of hazardous wastes.**





In order to protect the global eco-system,  
strengthened control of ozone depleting substances (ODS),  
protection of endangered wild animals and plants,  
and control of pesticides.



从保护全球生态环境角度出发加强管理，如消耗臭氧层物质（**ODS**）、濒危野生动植物、农药等

## Ozone Depleting Substances（ODS）

Name of Convention: Montreal Protocol on Substances that Deplete the Ozone Layer

Method of Management: Import & Export Quota Permit

Purpose of Management: effectively control the production and consumption of ODS so as to finally phase out ODS

Competent Authorities: Ministry of Commerce, Ministry of Environmental Protection

# Customs Trade Control— Ozone Depleting Substances ( ODS )

Ozone depleting substances (ODS) refer to the chemical substances which destroy the ozone layer in the atmosphere and jeopardize the living environment of mankind, such as chloro-fluoron-carbons (CFCs), and halons. Due to the impact of ODS on the environment, the international Community has taken measures to strictly restrict its production, use and sales. The Montreal Protocol is the best implemented international convention on fighting illicit activities related to ODS. China has acceded to the protocol. As a large and responsible country, to protect our living environment and health, China is intensifying efforts to combat the illicit trade of ODS.







In May this year, in Laogang Port, Huangpu Customs detected 1000 bottles of R12 (dichlorodifluoromethane) with a falsified name. R12 is also a type of ODS (ozone depleting substances), which is subject to import & export permit control in China since 1999.

In April 2006, at the 11th Asia-Pacific Meeting of Heads of Customs Administrations, China Customs proposed the Operation Sky-patching, which was designed to fight the smuggling of ozone depleting substances and hazardous wastes.



## An Ad Against Carbon Tariff

While advocating environmental protection and low-carbon economy, we should be vigilant against the risks of new trade protectionism, such as through carbon tariff.

# 知识产权保护 ( IPR )      Protection of Intellectual Property Rights



不买假货,  
轻松过关

"No counterfeits, you can have  
the same easy travel as mine."

中华人民共和国海关总署  
General Administration of Customs of People's Republic of China



拒绝假冒,  
拒绝盗版

拒绝假冒, 拒绝盗版  
No counterfeiting and piracy

中华人民共和国海关总署  
General Administration of Customs of People's Republic of China

## **Customs Protection of Intellectual Property Rights (IPR)**

**Also known as IPR border enforcement.**

**It refers to the measures taken by Customs at borders in accordance with law in order to stop the entry and exit of goods infringing the intellectual property rights protected by the laws and administrative regulations of the State. It is a type of administrative protection of intellectual property rights.**



# China Customs IPR Protection System

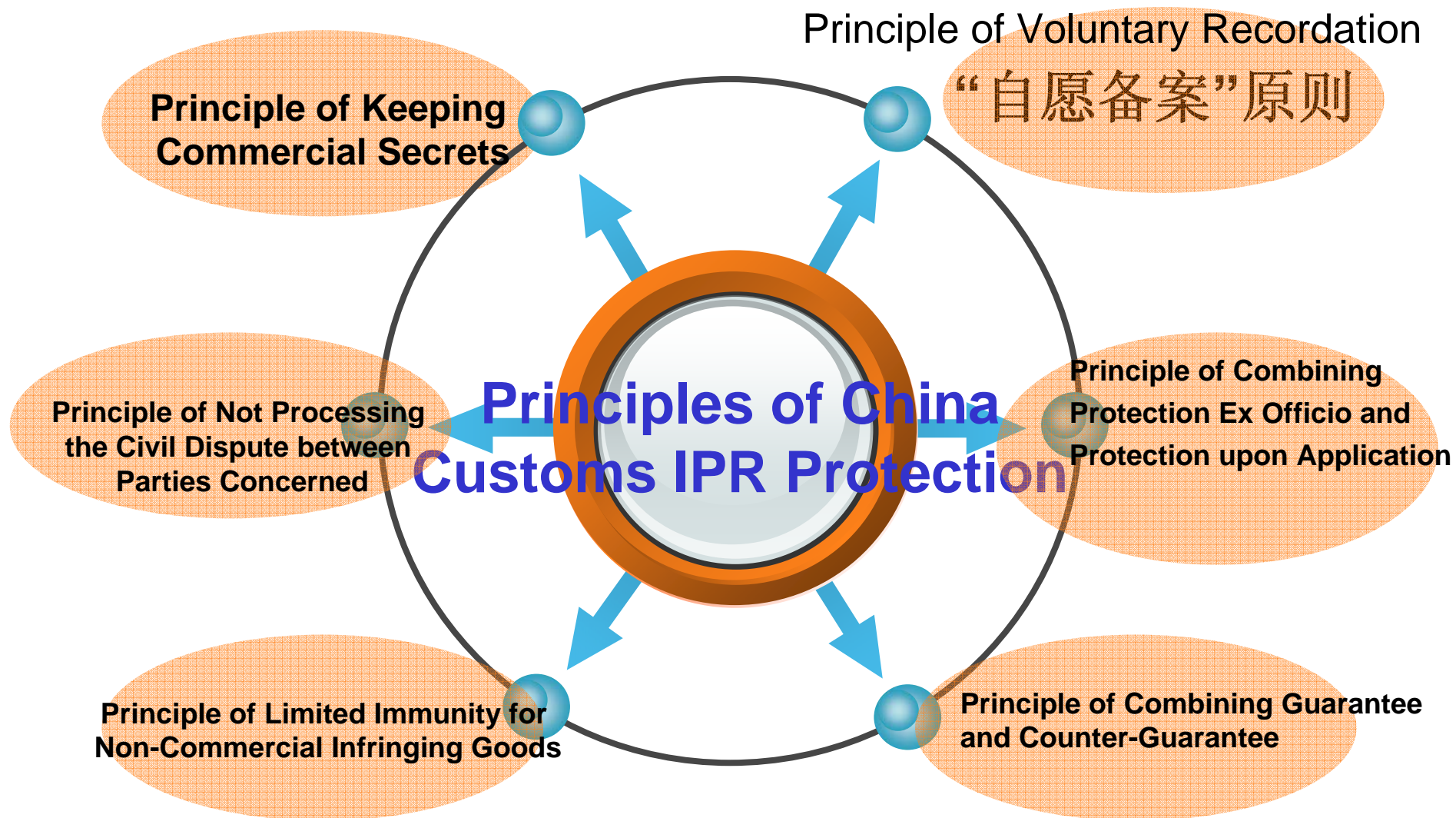
- On July 5, 1994, the State Council issued the Decision on Further Enhancing IPR Protection;
- On Sept. 1, 1994, the GACC issued a bulletin, announcing that goods infringing intellectual property rights protected by laws and administrative regulations are prohibited from entry and exit.
- On July 5, 1995, the State Council promulgated the Regulations of the PRC on Customs Protection of Intellectual Property Rights.



# Legal Framework of Customs Protection of Intellectual Property Rights in China

**《Customs Law of the PRC》**  
**《Regulations of the PRC on Customs Protection of Intellectual Property Rights》**  
**《Regulations of the PRC on Implementation of Customs Administrative Penalty》**  
**《Regulations on Protection of Olympic Symbols》**  
**《Regulations on Protection of World Expo Symbols》**  
**GACC Rules on Implementation of the**  
**《Regulations of the PRC on Customs Protection of Intellectual Property Rights》**

**On March 1 this year, the 《Regulations of the PRC on Customs Protection of Intellectual Property Rights》 (as amended in light of the changed situations) entered into force, bringing Customs protection of intellectual property rights into a new stage.**

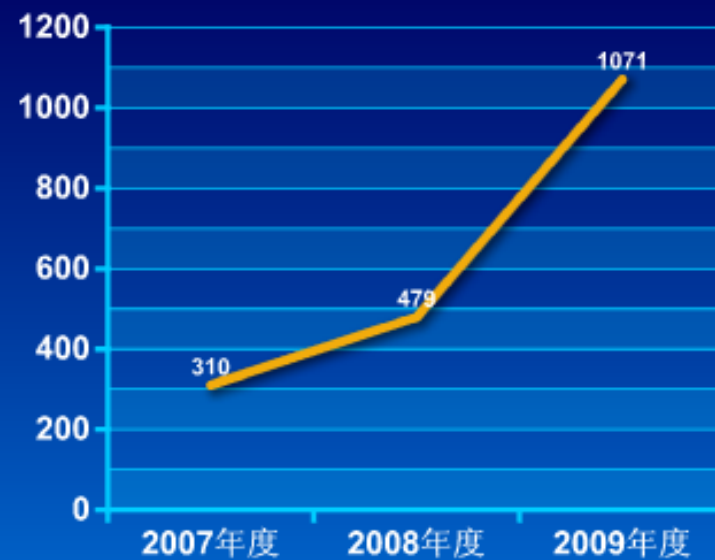


**In 2009, China Customs took measures on 67,000 shipments of imports and exports suspected of infringing intellectual property rights, among which, 66,000 shipments were detained, involving 280 million pieces of commodities with a total value of 450 million RMB yuan.**

**In 2009, China Customs took protective measures for intellectual property rights held by right holders from 34 countries and regions, covering 11,462 intellectual property rights (in cumulative terms). If we look at the quantity of commodities, UK, Switzerland, China, US and France ranked top 5 in terms of the number of times when protective measures were taken to protect the intellectual property rights of enterprises of those countries.**

**In 2009, Shanghai Customs detected 1071 IPR infringement cases, a year-on-year increase of 123.6%, with a total value of 66.8 million RMB yuan. Around 11 million infringing items were seized.**

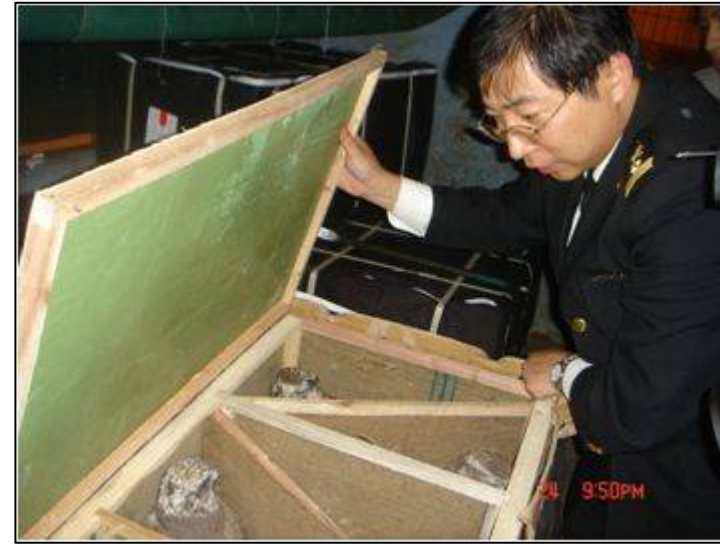
## 知识产权保护 Protection of intellectual property rights



— 上海海关查获知识产权侵权案件查（起）  
IPR infringement cases detected by Shanghai Customs



# Protection of Endangered Wildlife



**Falcon smuggling  
case detected by  
Pudong Airport  
Customs in 2008.**

# Endangered Wildlife

Convention Name: Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

Management Method: Import & Export Permit

Purpose of Management: Protect and have appropriate use of wildlife resources

Competent Authorities: authorities in charge of forestry, agriculture (fishery) under the State Council





The National Office for Management of Import and Export of Endangered Species, together with other government agencies, formulates and adjusts the Catalog for Import and Export of Wild Fauna and Flora, and through issuing various certificates, exercises restrictions on the import and export of precious and endangered wild fauna and flora and the products made thereof which are under specified protection by law in the Catalog.

The scope of protection includes the species which member countries (regions) are obliged to protect under CITES, the Convention on International Trade in Endangered Species of Wild Fauna and Flora, and the precious species of China that we protect on our own initiative.

**Scope of wildlife for which the management method using import and export permits is adopted:**

**Import or export of endangered wild fauna and flora and the products made thereof whose import or export is restricted by CITES; export of wild fauna and flora under prioritized protection by the State and the products made thereof. Among them, wild animals and the products made thereof include their hides, feathers, metacarpal bones, organs, etc.; national precious tree species, tree seedlings, including their roots, stems, leaves, flowers, fruits, seeds and the products made thereof.**





**tiger hides and leopard  
hides seized by  
Shanghai Customs**



**Musks**



**Bears'  
paws**



**Peacock  
feathers**

# Problems



**Improvement of  
Management Measures**



**Onsite checks and  
identification**



**Coordination and  
cooperation**

# Trade in Services



Examining and releasing a masterpiece of Auguste Rodin

# Trade in Services

**Under the General Agreement on Trade in Services (GATS), which was concluded during the Uruguay Round of Negotiations of GATT (General Agreement on Tariff and Trade), trade in services refers to:**

**(Mode 1) Cross border trade, which is defined as delivery of a service from the territory of one country into the territory of other country;**

**(Mode 2) Consumption abroad - this mode covers supply of a service of one country to the service consumer of any other country;**

**(Mode 3) Commercial presence - which covers services provided by a service supplier of one country in the territory of any other country, and**

**(Mode 4) Presence of natural persons - which covers services provided by a service supplier of one country through the presence of natural persons in the territory of any other country.**



**Latest data released by the WTO showed, in 2009, world trade in commercial services totaled 6.427 trillion USD, down 12% compared with that 2008.**

**In 2010, it is estimated that China's total import and export in trade in services will reach 400 billion USD.**



# Cruise Economy

**With economic globalization going deeper and Shanghai's position as an international financial and shipping center established, in recent years, Shanghai's cruise economy has witnessed leap-frogging development. Cruise economy is projected to be a new area of economic growth of China, which is conducive to boosting domestic demand.**

**In 2009, the State Council issued instructions on Shanghai's development as an international shipping center, and Shanghai Municipal Government also worked out a specific plan on the development of the shipping center, which helped define the orientation of cruise economy in Shanghai. Tasks are specified in the plan for Shanghai to develop the cruise economy, which entails new and higher requirements of customs control over cruise liners.**



**Customs officers  
introducing  
clearance  
procedures on site**

**Operational  
site for entry  
of cruise  
passengers**



**Examination and  
release at the  
site for cruise  
passenger  
operations**

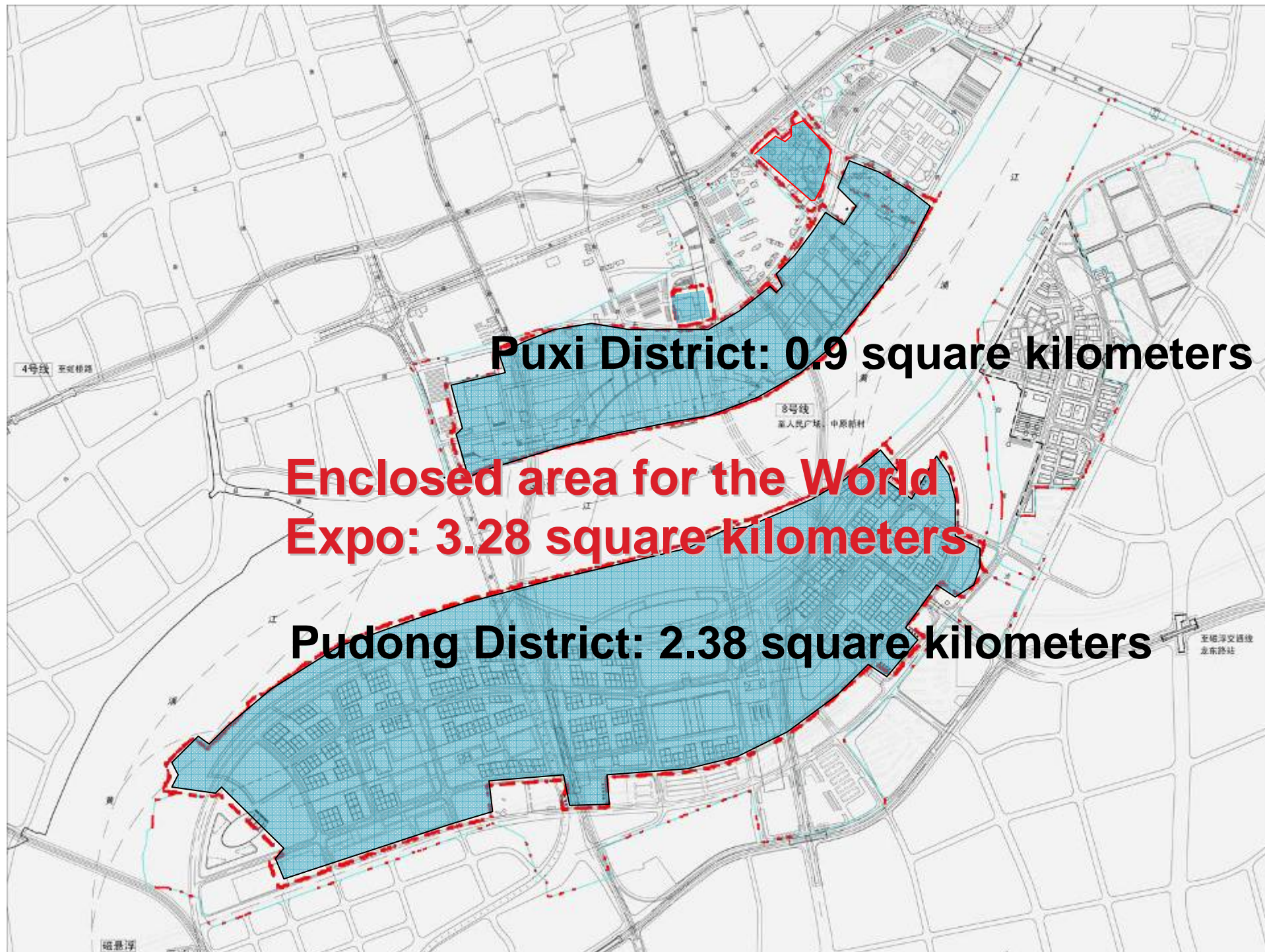


**During this Expo year, many luxury cruises under the world-renowned Royal Caribbean Cruises Ltd. and Costa-Cruise-Lines will operate in China taking Shanghai as a home port. It is estimated that during the World Expo, at the Shanghai Port, the total number of inbound and outbound tourists taking a cruise line will reach 180 000 people or so.**

**In order to ensure smooth customs control over ocean cruise liners and fast clearance for passengers during the World Expo, Shanghai Customs adopted a customs control model of “advance intervention, advance preparations, and advance processing of formalities”. In this way, we have provided full support for Shanghai to become a world premier home port for cruises with our quality services for the entry and exit of cruises for the Expo.**







## **Customs Control for the World Expo**

**By May 19 this year, Shanghai Customs has processed 1,980 shipments of materials imported for the World Expo, with a total value of 1.064 billion US dollars. Among them, 1792 shipments were imported under Customs declaration forms with a total value of 997 million US dollars, and 188 shipments under ATA carnets with a total value of 670,000 US dollars.**

**Recently, we have processed 6 shipments of transit goods from Central and Western Asian countries (Afghanistan, Mongolia and Tajikistan), with a total value of 90,414.7 US dollars. Those goods are mainly carpets, porcelain dishes, Mongolian vodka, plants, dried fruits, wooden posts, etc.**



## **Customized Clearance for the World Expo**

- **Set up a dedicated passage for clearance of Expo materials;**
- **Set up the “Shanghai Customs Service Center in the Expo Park”;**
- **Longer time limit for the re-exportation of materials temporarily admitted for the Expo;**
- **Agreed to accept the guarantees provided by the Bureau of Shanghai World Expo Coordination provide for Expo materials that require a guarantee;**
- **Exempted all Expo materials from the late declaration fee;**
- **Entry formalities for all the materials imported for the Expo are processed in Shanghai Port only;**
- **Simplified the administrative licensing formalities for temporarily admitted materials for the Expo;**
- **Longer time limit for the provision of security for duties & taxes;**
- **Added the customs control method for another type of importation & exportation eligible for duty/tax relief – “ Other imports and exports provided for free”**



**Cultural relics from Indonesia, Cambodia, Afghanistan, Syria, etc., being examined/released**



# Special Imports

**"Little Mermaid" , Denmark**



**tortoise from Seychelles**



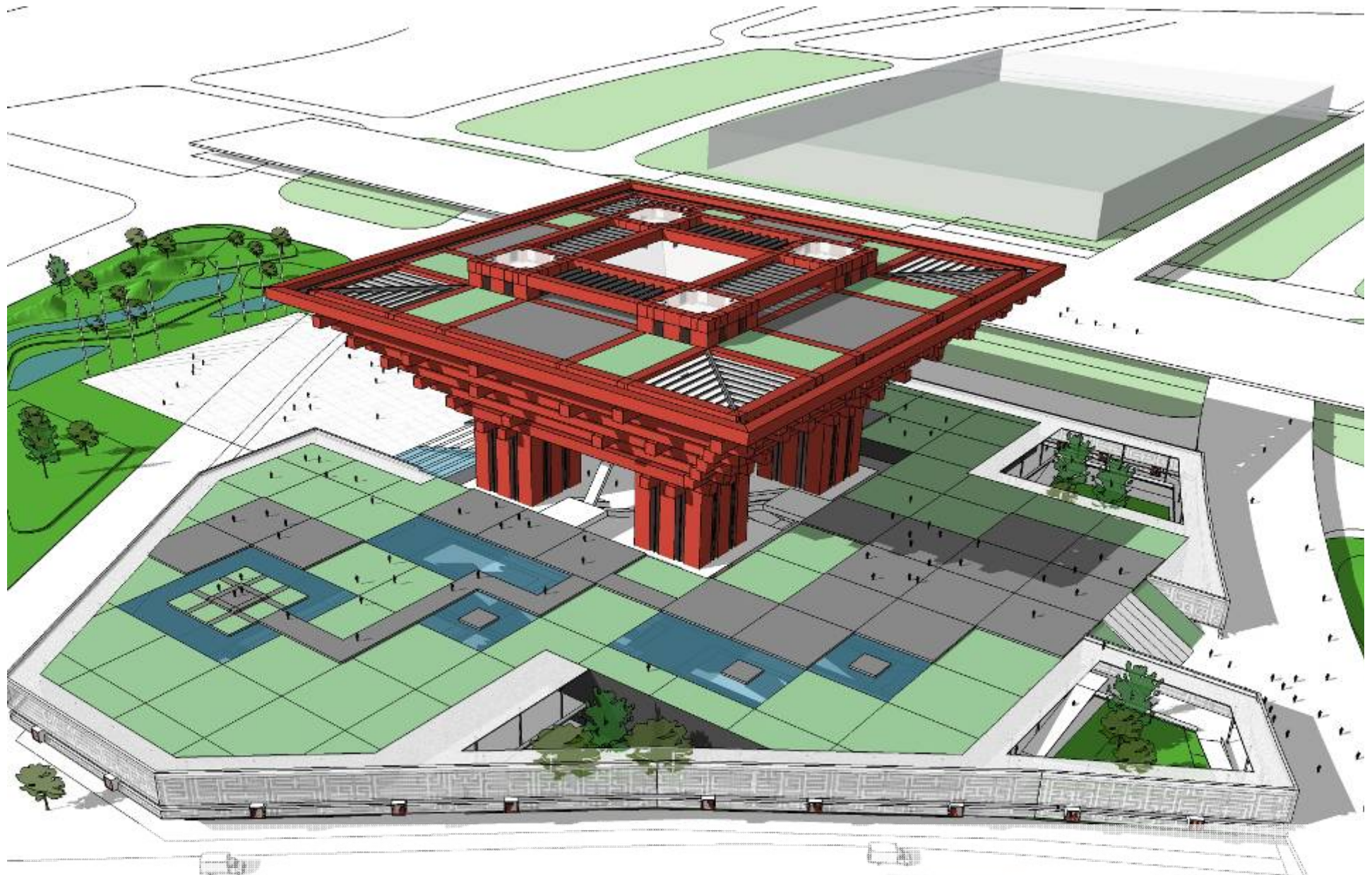
**Antique Ship**



# China Pavillion

- ❑ One Element: Strong Chinese Element





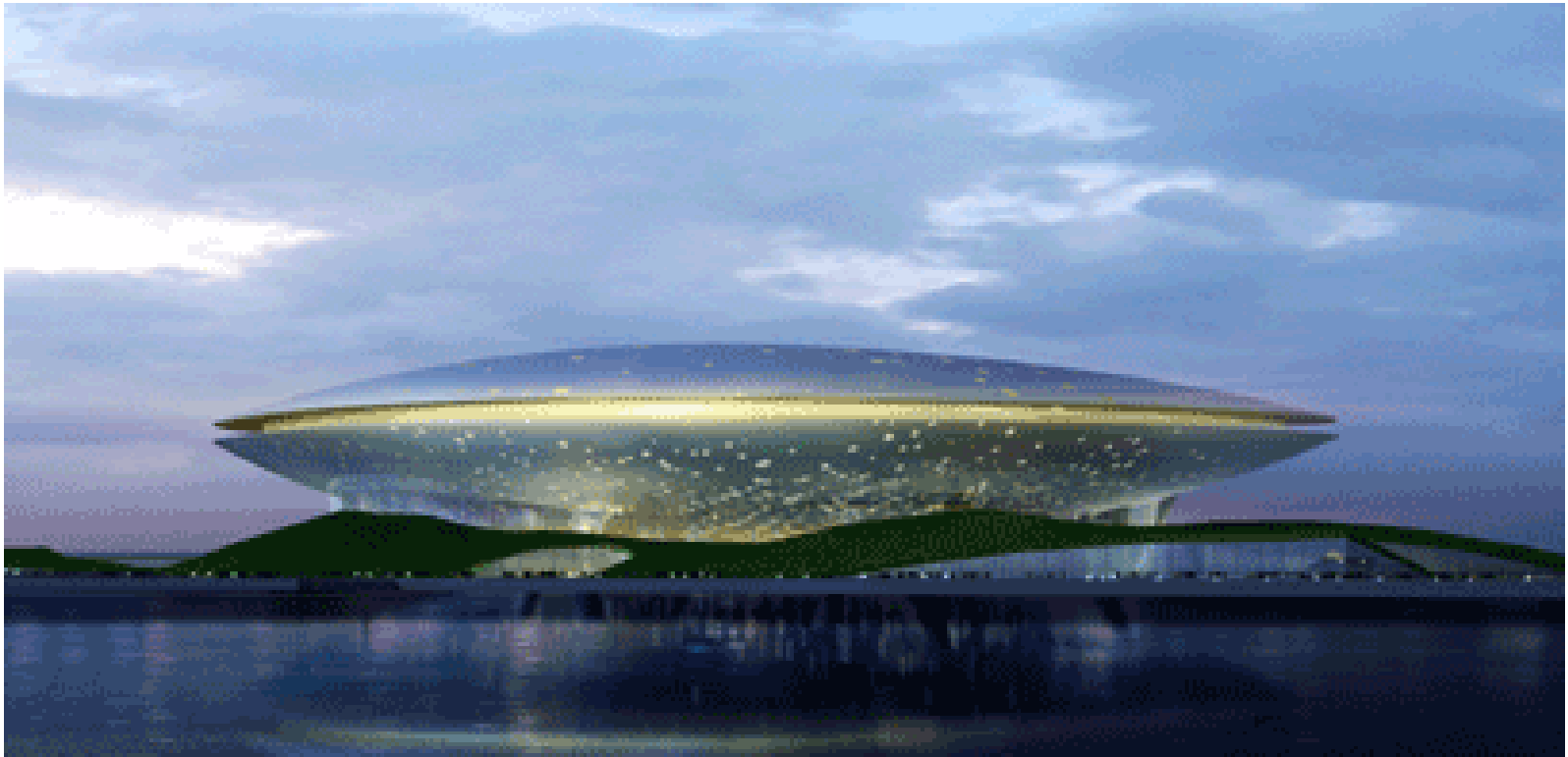
❑ Four Features: originality, uniqueness, authority, harmony.



# World Expo Center



# World Expo Performing Arts Center



## Afghanistan Pavilion – Heart of Asia & Land of Opportunities and Resources



Azerbaijan Pavilion – Crossroads  
Connecting the Orient and the Occident





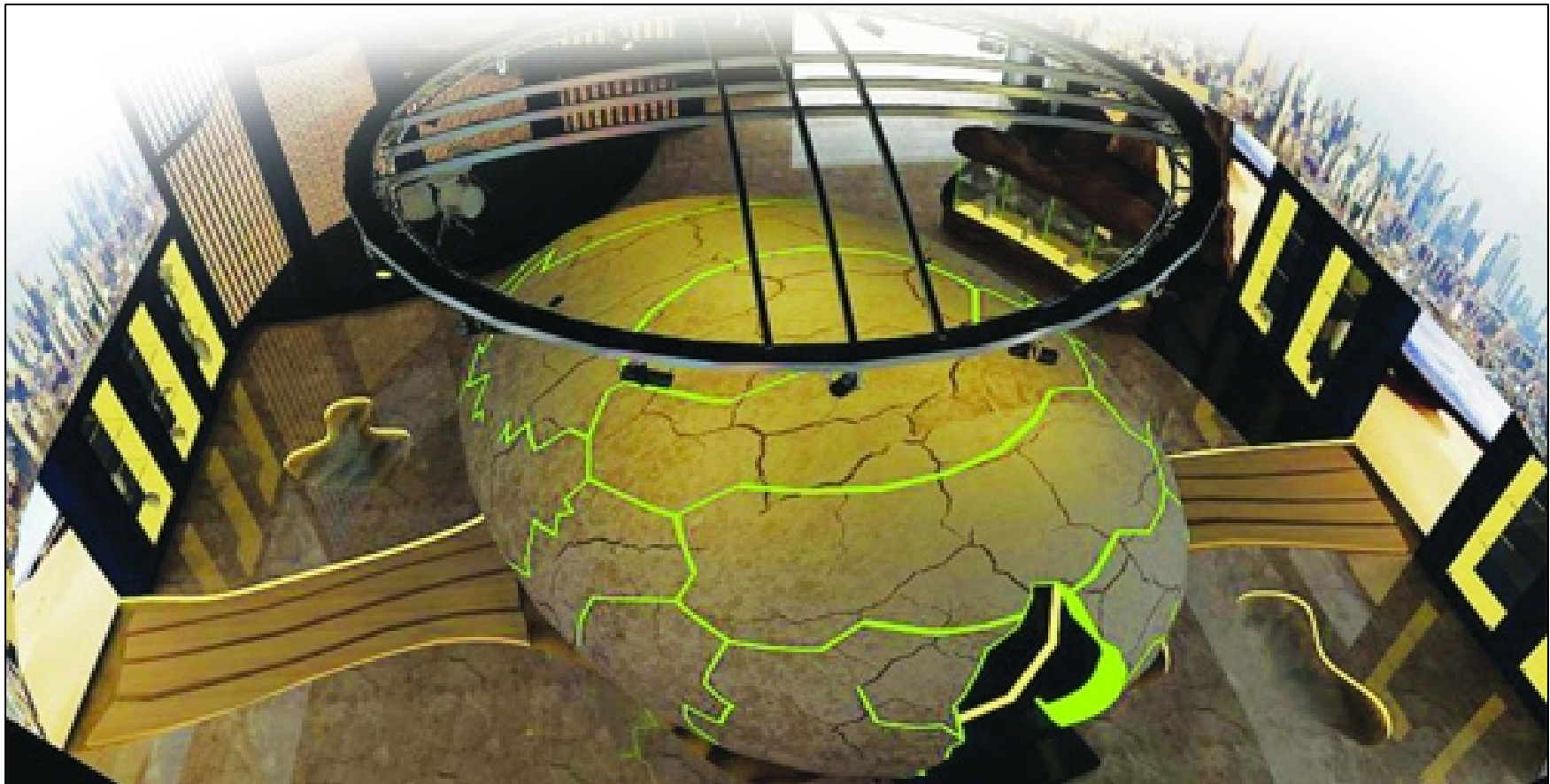
## Kazakhstan Pavilion - Astana, the Heart of Eurasia



## Kyrgyzstan Pavilion - Bishkek, a City Open to the Whole World



## Mongolia Pavilion - Gobi and Cities



# Turkmenistan Pavilion





## Uzbekistan Pavilion - Convergence of Civilizations



# Counter-measures in Response to the Challenges Presented by Non-Traditional Functions



**Thank You !**

