







## What is a Customs authority?

Article 2 of the *Customs Law of the PRC* reveals the nature of Customs, i.e. “a governmental organization responsible for supervision and control over all arrivals in and departures from the Customs territory”, which means:

*i.was.not.lonely.but.made.all.the.earth.lonely.beneath.me*

### 1. Customs is a governmental organization

Customs is empowered by the State. Customs of the PRC is a government agency which directly reports to the State Council, the central government of the PRC. Customs exercises its power on behalf of the State.



## **2. Customs exercises supervision and management on behalf of the State.**

Customs exercises administration of Customs matters on behalf of the State in accordance with the Customs Law. At the same time, Customs exercises supervision and control over import and export trade in accordance with other laws and regulations on import and export, to ensure

**compliance.**

## **3. Supervision and control by Customs is confined to import and export.**

Customs exercises supervision and control within the Customs territory over the entry and exit of means of transport, goods and articles.



# How Is China Customs Structured

China Customs adopts a highly centralized structure:

**1. Customs matters are taken care of by the central government.**

Customs houses across China are all under the leadership of the General Administration of Customs (GACC), a full-ministerial-level government agency directly reporting to the State Council of the PRC.



## **2. A Vertical Hierarchy of China Customs**

A top-down hierarchical management structure: from the GACC at the top, which is a government agency directly reporting to the State Council, to the regional Customs, which report to the GACC, through to the local Customs houses, which report to the regional Customs, not to the local governments.

## **3. Customs exercises power independently in accordance with law.**

Local governments and other government agencies are required to “support Customs when it is exercising power mandated by law, and shall not illegally interfere with Customs law enforcement activities”. Customs houses at all levels “exercise power independently in accordance with law under the leadership of the GACC.”



## Principles for the Establishment of Customs houses

1. Three-tier vertical structure: GACC, regional Customs and local Customs houses.
2. Customs houses are not established according to the geographical mapping of administrative districts but in light of the needs of the places and regions that require concentrated Customs operations. They do not report to local governments.
3. The State sets up Customs houses at two types of places: ports of entry and other places that require concentrated Customs operations.



# Organizational Structure

**Three tiers:**

- 1. Top level: GACC ;**
- 2. Intermediate level: Guangdong Sub-Administration, Tianjin Supervisory Office, Shanghai Supervisory Office, 41 regional Customs and 2 Customs institutes ;**
- 3. Local level: 562 Customs houses or Customs offices, which report to the regional Customs.**

**# In addition, China Customs has outposts in Brussels, Moscow, Washington D.C. and Hong Kong. 48,000 employees (including Customs anti-smuggling policemen).**





# GACC

**Top tier of China Customs. Full-ministerial-level government agency directly reporting to the State Council of the PRC. Manages Customs houses across China.**

**Under GACC, there are 15 departments. GACC also manages 6 public institutions and 4 social groups. And it has 3 overseas offices. The Central Discipline Inspection Commission of the Communist Party of China (CPC) and the Ministry of Supervision have their outposts in GACC.**



# Customs Rank System

**Five levels with 13 classes :**

**Level I :** Customs Commissioner-General, and Deputy Customs Commissioner-General;

**Level II :** Customs Commissioner (Class I, Class II, and Class III);

**Level III :** Customs Supervisor (Class I, Class II, Class III);

**Level IV :** Customs Superintendent (Class I, Class II, Class III) ;

**Level V :** Customs Inspector (Class I and Class II) .



# Our Tasks

## 1. Customs Control

Administrative behavior. Mandate empowered by the State. In light of the standardized procedure on clearance, Customs inspects written documentation and exercises cargo flow control, to ensure the compliance of import and export.





## 2. Customs Payment Collection

Administrative behavior carried out on behalf of the State in accordance with the Customs Law and the Regulations on Duties. Customs collects duties, internal taxes levied on behalf of other authorities, and relevant charges, on imports and exports, as well as inward and outward articles, which are allowed by the State.

## 3. Anti-smuggling

Measures taken by Customs to ensure tasks of Customs control, Customs payment collection and Customs statistics compilation are well fulfilled. Detection and suppression behavior undertaken by Customs in accordance with the mandates empowered by law in Customs controlled premises and adjacent coastal and border areas. Aimed at detecting, stopping, combating and disposing of smuggling activities.



## 4. Compilation of Customs Statistics

Concerning actually imported and exported goods, Customs collects, sorts and processes information on declaration documentation to compile and analyze statistics on the types, quantity, prices, countries, ways of trade, etc. of the goods in an endeavor to comprehensively and accurately reflect the faring of foreign trade and provide timely statistical data and enquiry services.

**The above 4 tasks are mutually dependent and mutually promotive.**



# Responsibilities of Customs

The 4 tasks are further divided into 7 responsibilities:

Clearance processing and control, Customs payment collection, control over processing trade and bonded operations, Customs statistics compilation, audit-based control, anti-smuggling, and port coordination and administration.





# Powers Delegated to Customs by the State

The Customs Law and other relevant laws and regulations accords Customs the following powers:

## 1. Administrative Licensing

Upon the application of administrative counterparts (parties under Customs control), through issuing certificates, Customs authorizes them with legal qualifications to engage in activities related to Customs matters in accordance with law.



## 2. Collection of Duties, Taxes and Charges

When administrative counterparts are statutorily obliged to pay import/export duties, taxes and charges, Customs is empowered to, when necessary, have compulsory acquisition of their property rights without compensation in accordance with law.

*i.was.not.lonely.but.made.all.the.earth.lonely.beneath.me*

## 3. Administrative Supervision and Inspection

This power is essential for Customs to ensure that its functions of administrative supervision and management are performed. This includes the power to inspect, examine, inquire, enquire, enquire and copy, audit, etc..





## 4. Power to Take Administrative Mandatory Measures

This is designed to guarantee the implementation of the Customs Law and relevant laws and regulations through administrative behavior with a mandatory nature conducted in respect of administrative counterparts, which includes the power to detain, collect late fee payments, get the sampling of goods, apply seals, sell or auction goods, collect withholding duties/taxes/charges mandatorily, confiscate goods as payment of duties or fines, collect securities and fines, chase suspected means of transport or persons, etc.





## 5. Power in Relation to Firearms

To discharge its responsibilities, Customs may be equipped with and use firearms. In carrying out administrative law enforcement, Customs personnel may carry and use firearms, strictly within the scope of intended use and prescribed conditions.

## 6. Administrative Penalty

When there is a smuggling activity which is not serious enough to constitute a smuggling crime, Customs is empowered to impose administrative penalty on the parties concerned. E.g. confiscation, fine, warning, suspension or revocation of certified qualifications, etc.



## 7. Other Administrative Powers

Administrative rulings, administrative awards, administrative reconsideration, protection of IP rights in respect of imported/exported goods, etc..

*i.was.not.lonely.but.made.all.the.earth.lonely.beneath.me*





# Who and What are Subject to Customs Control and Administration?

People and things in respect of which Customs exercises the administrative powers. Activities in respect of inward and outward means of transport, goods and articles involve three components: imports/exports (inward/outward articles), behavior of administrative counterparts, and the administrative counterparts themselves.

Directly under Customs control: inward/outward means of transports, goods and articles.

Indirectly subject to Customs control and administration: people involved in the entry and exit of means of transport, goods and articles.



# 1. Movement of inward/outward means of transport

Ownership and state of means of transport remain unchanged after entry or exit. But later they must leave the territory (after entry) or enter the territory (after exit). Their places of calling, routes, time of travel and stop, loading and unloading (embarkation or disembarkation), etc. are subject to Customs control and administration.



In respect of inward and outward means of transport:

- ( 1 ) movement of inward/outward international sailing vessels
- (2) movement of inward/outward trains
- (3) movement of inward/outward flights
- (4) movement of inward/outward vehicles
- ( 5 ) movement of other inward/outward means of transport

Where means of transport within the territory carry goods/articles subject to Customs control, the movement of such means of transport shall also be subject to Customs control.



## 2. In respect of imported/exported goods

Subject to Customs administration: qualifications for operation of importation/exportation and declaration of imports/exports; legality of transfer of goods ownership, or their temporary use or processing; trade control status in relation to entry/exit of goods; Authenticity of goods description, specifications, quantity, prices, etc.; whether duties/taxes payable have been paid for goods or the security is supplied, etc.





**Imports and exports are divided into 5 categories in light of the Customs procedures they are put under:**

- (1) General imports/exports**
- (2) Underbond imports/exports**
- (3) Imports with duty relief**
- (4) Imports/exports whose entry/exit is allowed temporarily**
- (5) imports/exports moving into/out of the territory in other ways**





### 3. Movement of Inward/Outward Articles

Mainly refers to activities of passengers' carrying baggage, accompanied or unaccompanied, for non-trade purposes, and their activities of sending mails, parcels and other items into/out of the territory, for non-trade purposes, too.





## 4. Activities related to inward/outward means of transport, goods and articles

Such activities are not direct entry/exit, but they are related, although indirectly, to the entry/exit subject to Customs administration. In accordance with the Customs Law and other relevant laws and administrative regulations on entry/exit, they are also subject to Customs administration.

*i.was.not.lonely.but.made.all.the.earth.lonely.beneath.me*

Including:

- (1) Domestic enterprises' transportation, storage and processing of goods subject to Customs control.
- (2) Activities of other entry/exit administration agencies in respect of the entry/exit of means of transport, goods and articles.



# Scope of Customs Administration

## 1. Special Areas Subject to Customs Administration

The jurisdiction of the Customs Law covers the Customs territory of the PRC. However, Customs administration is generally exercised in the following two areas:





## **(1) Customs Control Areas**

**The Customs Law divides Customs Control Areas into three types :**

**A. Ports of entry where a Customs house has been set up**

**B. Other premises where Customs exercises control**

**C. Points of entry/exit approved by the State Council without a Customs house set up there**



**(2) Designated coastal or land border areas in the vicinity of a Customs office**

**Some Customs operations may be conducted in such special areas, e.g., when Customs is conducting investigation in non-Customs control areas, when Customs is chasing illegal means of transport or persons escaping from Customs control.**



## 2. Time Frame for Customs Administration

(1) When is Customs control over inward/outward means of transport, goods and articles is started and ended?

① Inward/outward means of transport: from its entry till its exit with all the Customs procedures cleared;

② Imported/exported goods: from the entry of the imports till all the Customs procedures are cleared for them; from the time when a declaration is made to Customs for their exit till they have exited or all the procedures have been cleared for them;

③ Transiting, transshipped, throughput goods: from their entry till their exit.





# Biography

DING Haimeng, graduated from Shanghai Customs College in 1986 as a major in Customs administration; has been working in the same college upon graduation; served the following positions in the college since then: Youth League secretary, deputy party secretary of Dept. I, deputy party secretary of Dept. II, Head & party secretary of Majors Setting Section, deputy head of the Division of Student Affairs (deputy-director level), head of the Division of Student Affairs, head of the administrative office of the college & secretary-general of China Customs Center of International Studies, promoted to director-level in July 1998, head of the administrative office of the college since June 2007, now member of the party committee and vice president (deputy director-general level) of the college since September 2007, also serve as chairman of the trade union of the college since June 2008 and the deputy head of the WCO Asia-Pacific Training Center since April, 2009.