

China E-Commerce

Transition period for the implementation of new supervision regulations on CBEC imports to extend to end-2018; extends CBEC Comprehensive Pilot Zones

FUNG BUSINESS INTELLIGENCE

Highlights

According to a State Council executive meeting chaired by Premier Li Keqiang on 20 September, 2017, the transition period for the implementation of new supervision regulations on cross-border e-commerce (CBEC) imports will further be extended to **the end of 2018**, from its scheduled ending date of end-2017.

In the meeting, Premier Li also commented on the success of the CBEC Comprehensive Pilot Zones since its establishment in 2015 to experiment new technologies, new processes, and new monitoring schemes as trials for CBEC businesses. In the future, the government will:

- promote nationwide the experience of the CBEC Comprehensive Pilot Zones, particularly the services offered to CBEC businesses both on online platforms and in offline facilities. These include information sharing, financial services, smart logistics, risk management, etc.
- develop new CBEC Comprehensive Pilot Zones in other potential cities.
- build new CBEC facilities and overseas warehouses, and strengthen the logistics network in countries that are strategic for the development of the Belt and Road Initiative.
- encourage the integration of CBEC platforms in the pilot zones to provide better services in terms of real time information sharing, regulation and law enforcement. The government will also push forward the development of a credit system to safeguard transactions, better protect consumers and intellectual property rights, and crack down on counterfeits and other illegal activities.

Recap

To recap, in May 2016, General Office of China Customs issued a notice regarding the transition period for the implementation of new supervision regulations on CBEC imports. The document stated that the transition period will last for one year until 11 May, 2017. In November 2016, the Ministry of Commerce announced that the transition period for the implementation of new supervision regulations on CBEC imports would be further extended to the end of 2017.

The State Council set up the first CBEC Comprehensive Pilot Zone in Hangzhou in March 2015, then rolled out nationally to another 12 cities in January 2016, including Tianjin, Shanghai, Chongqing, Hefei, Zhengzhou, Guangzhou, Chengdu, Dalian, Ningbo, Qingdao, Shenzhen, and Suzhou. According to the Ministry of Commerce, the transaction value of import and export trade via the 13 CBEC Comprehensive Pilot Zones exceeded 100 billion yuan in 1H17, double the value in the same period last year.

Comments from Fung Business Intelligence

Fung Business Intelligence believes the further extension of the implementation of new supervision regulations will give more time for CBEC importers and brands to adjust their business model, as well as for the government to review and update related policies. We also think that the extension is a compromise made by the government to accommodate interests of different parties. It hopes to encourage customers buying from overseas, while striking a balance between general trade and CBEC.

On the other hand, the government's intention to set up more CBEC Comprehensive Pilot Zones shows that it places high importance on the development of CBEC and regards it as a major growth engine. The government hopes to leverage the CBEC Comprehensive Pilot Zones to facilitate trade and enhance the country's global competitiveness.

The announcements can be accessed at the website of the State Council
(in Chinese):

http://www.gov.cn/premier/2017-09/20/content_5226438.htm

Please also see our previous alerts and publications on the new regulations for CBEC:

(1) New tax regulations for CBEC (April 2016)

<https://www.fbicgroup.com/sites/default/files/New%20Regulations%20on%20Cross-Border%20E-Commerce%20%28Import%29.pdf>

(2) Positive lists for CBEC announced (April 2016)

https://www.fbicgroup.com/sites/default/files/Positive%20list_TL-APR.2016.pdf

https://www.fbicgroup.com/sites/default/files/20160418%20Positive%20list%20%28%29_TL.pdf

(3) Transition period for the implementation of new supervision regulations on CBEC imports to extend to end-2017 (November 2016)

https://www.fbicgroup.com/sites/default/files/CBEC_KeyHighlights.pdf

(4) Spotlight on China Retail - Cross-border E-commerce (Import) (March 2017)

https://www.fbicgroup.com/sites/default/files/SCR2017_Issue7.pdf

Contacts

Asia Distribution and Retail

Teresa Lam
Vice President
E: teresalam@fung1937.com

Christy Li
Senior Research Manager
E: christyli@fung1937.com

Fung Business Intelligence
10/F LiFung Tower
888 Cheung Sha Wan Road
Kowloon, Hong Kong
T: (852) 2300 2470
F: (852) 2635 1598
E: fbicgroup@fung1937.com



© Copyright 2017 The Fung Business Intelligence. All rights reserved. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Though the Fung Business Intelligence endeavours to ensure the information provided in this publication is accurate and updated, no legal liability can be attached as to the contents hereof. Reproduction or redistribution of this material without prior written consent of the Fung Business Intelligence is prohibited.