

Notice of the State Administration of Foreign Exchange, the Ministry of Commerce and the General Administration of Customs on Printing and Distributing the Measures for the On-line Inspection of the Collection and Settlement of Foreign Exchange in Export

(No. 29 [2008] of the State Administration of Foreign Exchange)

The branches and foreign exchange administrative departments of the State Administration of Foreign Exchange (SAFE) in all provinces, autonomous regions, municipalities directly under the Central Government, SAFE branches in Shenzhen, Dalian, Qingdao, Xiamen and Ningbo; and the commerce administrative departments of all provinces, autonomous regions, municipalities directly under the Central Government, cities directly under state planning and Xinjiang Production and Construction Corps., the Guangdong Branch of the General Administration of Customs, all the customs houses directly under the General Administration of Customs, all Chinese-funded foreign exchange designated banks,

For the purpose of intensifying the inspection of the genuineness and conformity of export dealings and collection of foreign exchange, the State Administration of Foreign Exchange, the Ministry of Commerce and the General Administration of Customs jointly formulated Measures for the On-line Inspection of the Collection and Settlement of Foreign Exchange in Export (hereinafter referred to as these Measures), which shall come into force on July 14, 2008.

These Measures are hereby printed and distributed to you, please comply with them and forward them to the relevant institutions within your respective jurisdictions. If you encounter any problem during the implementation thereof, please timely report it to the State Administration of Foreign Exchange, the Ministry of Commerce and the General Administration of Customs.

Tel:

Current Account Management Department of the SAFE: (010) 68402450

Capital Account Management Department: (010) 68402163

Information Center: (010) 68402499

Finance Department of the Ministry of Commerce: (010) 65197680

Supervision and Inspection Department: (010) 65195375, 65195942

Department of Science and Technology: (010) 65194852

China Electronic Port Data Center: (010) 85193779 13911026803

State Administration of Foreign Exchange

Ministry of Commerce

General Administration of Customs

July 2, 2008

Annex:

Measures for the On-line Inspection of the Collection and Settlement of Foreign Exchange in Export

Article 1 For the purposes of improving the administration of the collection and settlement of foreign exchange in the export of goods by enterprises and intensifying the inspection of the genuineness and conformity of export dealings and collection and settlement of foreign exchange, these Measures are formulated in accordance with the Regulation of the People's Republic of China on the Administration of Foreign Exchange.

Article 2 The collection and settlement of foreign exchange in export shall be based on legal and genuine dealings and shall be subject to the on-line inspection of electronic data of export through the on-line inspection system for collection and settlement of foreign exchange in export (hereinafter referred to as the inspection system, website: <http://www.chinaport.gov.cn>).

Article 3 On the basis of the relevant data in an enterprise's customs declarations for cargo export and the data furnished by the foreign exchange administration regarding the advance payment for goods made to the enterprise and by taking into account of the trade type of the enterprise as well as the industrial features, the inspection system will generate the amount of foreign currency receivable corresponding to the export of the enterprise.

Article 4 The foreign currency which an enterprise collects in export (including advance payment for cargos, the same below) shall first be put in the to-be-inspected export foreign currency account which is opened in the name of the enterprise in a bank (hereinafter referred to as the to-be-inspected account). The range of incomes and payments shall be provided for foreign exchange administration.

Article 5 After the foreign currency which an enterprise collects is put into the to-be-inspected account, the enterprise shall faithfully fill in the Notes for Collection of Foreign Currencies in Export (see Annex) and submit it and the operator IC card of China Electronic Port to the bank for processing.

The bank shall log into the inspection system with its own operator IC card and shall, in pursuance of these Measures, deal with the foreign exchange settlement or transfer the money out and simultaneously verify and reduce the receivable amount of foreign currency corresponding to the export. The bank shall not deal with the foreign exchange settlement or transfer the money out by exceeding the receivable amount of foreign currency corresponding to the export by the enterprise as shown in the inspection system.

Article 6 The receivable amount of foreign currencies under the general trade, processing trade with imported materials, petty trade in border areas, export for contracted foreign projects or any other type of trade shall be determined on the basis of the total sum of transactions in the customs declaration forms for export cargos.

The receivable amount of foreign currencies for export under the processing trade with imported materials shall be determined on the basis of the product of the total sum of transactions in the customs declaration forms for export cargo and the rate of foreign currencies collected.

The receivable amount of foreign currencies under the advance cargo payment shall be determined according to the enterprise's register of advance payment for goods pursuant to

relevant administrative provisions and by taking into account of foreign currencies collected by the enterprise in export and the industrial features. The foreign currencies collected by an enterprise under the export buyer's credit ahead of schedule shall be integrated into the management of receivable amount of foreign currencies as advance payment to the enterprise in question.

Article 7 After foreign currency is collected in export, which is not subject to customs declaration for cargos, and is put into the to-be-inspected account, if it needs to settle or transfer the money out of the account, the enterprise shall, besides the documents as required in Article 5 of these Measures, furnish the original customs declaration form for foreign-related income under the official seal of the bank and a checklist of cargos mailed. The bank shall process it by logging into the inspection system and recording the corresponding number of the declaration for foreign-related income and the amount of foreign currencies collected.

An agent shall be responsible for the export and collection of foreign currencies in the commissioned export business. The foreign currencies collected by an agent shall be subject to the on-line inspection under these Measures. If it is necessary to transfer the original foreign currencies to the principal, the foreign currencies shall be transferred after on-line inspection to the current foreign currency account of the agent and then be processed under the administrative provisions on the transfer of foreign currencies within China. When the principal receives the original foreign currencies transferred by the agent, it shall not put the said foreign currencies into the to-be-inspected account, nor is it subject to the on-line inspection.

The collection and settlement of foreign exchange under the item of trade financing such as export documentary bills, forfeiting without recourse and export factoring shall be subject to the on-line inspection in accordance with these Measures.

Article 8 Where an enterprise applies for repaying or compensating abroad any foreign currency collected in export for some reasons, it shall comply with the relevant provisions of the foreign exchange administration.

Article 9 A bank or an enterprise may, where necessary, apply to the local China Electronic Port Card Manufacturing Sub-center for an operator IC card so as to obtain the corresponding authorization. The enterprise may, with its operator IC card, log into the inspection system to consult the receivable amount corresponding to the export.

Article 10 The foreign exchange administration shall intensify the onsite and offsite inspections on the collection and settlement of foreign exchange in export and punish the violations of the foreign exchange administrative provisions in accordance with the Regulation of the People's Republic of China on the Administration of Foreign Exchange and other relevant provisions. The Ministry of Commerce shall strengthen the archival management of foreign trade operation right, promote the regulation and development of foreign trade and punish the violations of the foreign trade administrative provisions in pursuance of relevant laws and regulations. The customs houses shall further tighten the control of export cargos, regulate the enterprise export declarations and punish violations of the customs law in accordance with the Customs Law of

the People's Republic of China and the Regulation of the People's Republic of China on the Implementation of Customs Administrative Punishment.

Article 11 These Measures shall apply to the collection of foreign currencies for export by individuals with foreign trade operation right and the collection of foreign currencies for export by enterprises engaging in non-bonded cargos within the bonded areas.

Article 12 The power to interpret these Measures shall remain with the State Administration of Foreign Exchange, the Ministry of Commerce and the General Administration of Customs.

Article 13 These Measures shall come into force as of July 14, 2008. If any prior provision is contrary to these Provisions, these Provisions shall prevail.