

## **MINISTER’S MESSAGE**

The year 2015 marked the end of the 12<sup>th</sup> “Five-Year Plan”. During the past year, China Customs worked along the lines of the development strategy designed by the Central Committee of the Communist Party of China (CPC) and the State Council, joined hands with all stakeholders in overcoming difficulties, lived up to its obligations and successfully completed various assignments with a number of highlights. Key achievements have been made by China Customs in year 2015. A significant step was made in the Customs Clearance Integration project through “3M” (mutual exchange of information, mutual recognition of control, mutual assistance of enforcement). The reform of regional customs clearance integration approach is adopted by all customs houses nationwide. The inspection mechanism of “Double Random” (automatic random selection of both inspectors and the consignments) was acknowledged by the State Council and the approach is extensively adopted. Innovation on customs control process in the Free Trade Zone Pilot Program and integration and optimization of customs special control areas yielded interim outcome. Paperless clearance reform is now applied in all customs frontline areas and streams. Good results were achieved in human resource intensive management reform with the objective of “smaller executives and stronger workforce”. In lawfully exercising

customs mandate, customs revenue collection has continued to improve, statistics analysis greatly served national interests, and the “Five Battles” and a whole of government efforts to combat smuggling reached significant results. A series of effective measures were tabled to safeguard stable growth in foreign trade, transformation of business model, improve port management through enhanced coordination, streamlined process, reduce red tapes, control facilitation, improve service, innovate customs control, enhance consistence in enforcement, strengthen customs enforcement of intellectual property rights, regulate charges for import/export, create a healthy clearance environment for business to assist cost reduction, encourage emerging trade such as cross-border e-commerce, and support universal entrepreneurship and innovation. Customs international cooperation was strengthened to elevate level of trade facilitation and assist Chinese business in going global by closely following China's diplomatic needs and foreign trade growth as well as national strategies such as the “Belt and Road” strategy. People management was enhanced in combination with implementation of the disciplinary instruction for strict governance on CPC party members in terms of service attitude, behavior and integrity, meanwhile the building of customs workforce was strengthened comprehensively in line with the para-military discipline standards. All these achievements made in 2015 led to a satisfactory conclusion

on the work of China Customs for the 12<sup>th</sup> “Five-year Plan” and brought a sound foundation for the beginning of the 13<sup>th</sup> “Five-year Plan”.

The year 2016 ushers in the first pivotal year for building a broadly medium wellbeing society, therefore it is of critical importance in reengineering structure for good governance. China Customs will respond with full-fledged efforts to the spirits of the 18<sup>th</sup> CPC Central Committee, its series of panel sessions and the Central Conference on Economy Work, and those reflected in the speeches of President Xi Jinping, and in accordance with the “Five-in-One” overall layout and “Four Comprehensive” strategic setting, practice the development concept of “*innovation, coordination, greenness, openness and share of experience*” and the overall professional requirements on staff members as to the “Four Key Aspects” (*safeguarding the border, providing quality service, preventing potential risks and building a qualified workforce*). The Administration is committed to stand firmly in line with the CPC Central Committee ideologically, politically and in daily performance, position itself to fit in with the Strategy and focus on key customs matters to ensure sound development without deviation from the right path, taking full consideration of the national interests and bearing in mind the broad national development strategy mapped out by the CPC Central Committee. The Administration is

committed to safeguard the nation's border as the key mission of customs, provide service and execute enforcement in accordance with legal delegation, adhere to the guideline of the people and for the people. The Administration is committed to continuous reform and innovation, which is considered as a Golden Key in addressing outstanding issues and a driving force in achieving breakthroughs in the advancement of development. The Administration is committed to keep the concept of *Openness, Inclusiveness and Share of Experience*, push forward cross-regional, beyond-agency and international cooperation so that the synergy is maintained together by stakeholders for higher service efficiency and connectivity. The Administration is committed to strict governance on CPC party members in a broad sense, stick to the Eight Disciplinary Rules required by the CPC Central Committee; carry on the series of themed education programs in building integrity and guarding against corruption for a faithful, clean and responsible Customs workforce.

The year 2016 commences the 13<sup>th</sup> "Five-year Plan". Accordingly, the Administration will design the 13<sup>th</sup> Customs Development Strategy as a follow-up in the realization of China Dreams. This Strategy is projected to build an effective and efficient strong Customs with input from innovation, reform, rule of law and capable staff members. In other words, it will be coupled with modern governance mechanism,

forceful role played by innovation, new reform perception in addressing difficult issues, solid foundation based on rule of law and new energy resulted from sound human resource management. The Strategy will be designed from the perspective of securing the national eco-society development as well as pushing further bi-direction openness, keeping the balance between trade security and facilitation in the implementation of international standards and facilitative policies, thereby shed light on the establishment of a more open, secure, integrated, coordinated and business-friendly environment.

## **I Overview of China Customs**

China Customs is a border agency supervising inbound and outbound activities and has a centralized organizational structure. Its key functions include customs control, revenue collection, fighting against smuggling and foreign trade statistics compilation. It also manages tasks including port management, management of bonded operations, audit-based customs control, customs enforcement of intellectual property rights and international customs cooperation.

The General Administration of Customs of the People's Republic of China (GACC) is the headquarters of China Customs. It is a full-ministerial-level government agency that directly reports to the State Council of the People's Republic of China and oversees all the regional customs across the country. It is composed of 18 departments and 8 direct subsidiaries with coordination function and manages 4 associations (i.e. Customs Institute of China, Customs Brokers Association of China, Port Society of China, and Association of Bonded Areas and Export Processing Zones of China), and has posted representative offices in the European Union, the Russian Federation, the United States of America and Hong Kong SAR. The CPC Central Commission for Discipline Inspection also has its posted office, the

Discipline Inspection Office stationed in the General Administration of Customs.

China Customs has a total of 47 direct subsidiaries at the same level (i.e. Guangdong Sub-Administration of Customs that is in charge of the 7 Customs Districts located in Guangdong Province, 2 supervising offices that are located in Tianjin and Shanghai respectively, 42 Customs Districts and 2 Customs educational institutions), 742 local Customs houses and offices. It has a staff force of around 60,000 (including Customs anti-smuggling police). It adopts a customs ranking system for its staff.

China Customs' general work requirements are *“safeguarding the border, providing quality service, preventing potential risks and building a qualified workforce”*. Its work guideline is *“exercising law-based administration, safeguarding the border, serving the economic interests and promoting social development”*. Its workforce building principle is to ensure customs officers are *“politically committed, professionally qualified and fully accountable”*. Customs spirit is *“loyal, impartial, revitalizing Customs and rejuvenating China”*, its core values are *“patriotism, virtue, integrity, innovation and dedication”*.

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## **II Customs Control**

Customs control in China is the process in which Customs examines, inspects, and verifies inward and outward means of transport, goods, personal articles as well as mails and parcels according to laws to ensure the enforcement of relevant national laws and regulations, through acceptance of declarations, documents examination, inspection and release, and other related management institutions and procedures.

During the 12<sup>th</sup> Five-Year Plan, China Customs' supervisory role was brought to full play. A logistics monitoring system featuring means of transport, manifests, customs special control areas and customs inspection was built up, a classified inspection mechanism was set up with higher effectiveness and efficiency in customs inspections. Notable progress has been made in customs control demonstration areas, as well as in the promotion and application of the management system for inward/outward means of transport and manifests. 18.206 billion tons of goods were imported and exported under customs control over the five years with a total value of RMB124.88 trillion, up by 43.09% and 48.64% respectively compared with the 11<sup>th</sup> Five-Year Period. Achievements were made in the special campaign to strengthen control over solid wastes. The control over passenger luggage and postal items have been tightened and the problem of

“Shuike”(smugglers disguised as passengers that commute between the mainland of China and the Hong Kong and Macao SARs, carrying over-numbered articles for sale).was effectively addressed.

During the 12<sup>th</sup> Five-Year Plan, reforms in customs clearance control were deepened at all fronts. Marked achievements were made in regional customs clearance integration reform, which now covers all customs districts nationwide and has torn down the barriers between customs districts and regions. Enterprises are now free to choose where to lodge declarations, pay customs duties and clear goods. The reform of classified clearance is gaining momentum, while paperless clearance now covers all clearance sites and customs fields. One-stop pilot projects are progressing steadily. Customs-CIQ 3-Singles Cooperation is now adopted across the country. Over the past five years, with the deepening of clearance control reforms, China Customs has continued to increase its efficiency and reduce costs for businesses, supporting the growth of China’s foreign-oriented economy.

In 2015, a total of 3.95 billion tons of import and export goods, 32.05 million transport vehicles (flights, vessels), 98.41 million inbound and outbound containers and 929.64 million postal and express items have moved across China’s customs territory under customs control.

In 2016, China Customs will strengthen the groundwork of customs control, strike a balance between effective control and facilitated clearance, and further improve the effectiveness of customs control. It will consolidate the results of special campaigns and boost the establishment of comprehensive mechanisms for standardized management at customs sites. It will improve inspection mechanism and the setting of performance indicators for inspection. It will promote the application of information verification system and new technology and equipment, and carry out across the nation the trial for single staff mobile inspection. It will speed up institutional reform for control over mails and luggage. It will improve the comprehensive operation management platform, strengthen the credibility management of import and export enterprises and participate in building a national social credibility system. China customs will also upgrade AEO mutual recognition and step up protection of intellectual property rights.

### **III Revenue Collection**

Customs revenue collection in China is an important part of the nation's tax collection work. It also serves as a vital tool for national macro-control. Currently, the revenue collected by China Customs mainly includes customs duties, import VAT, consumption tax and vessel tonnage tax. The Chinese government is compliant to tariff concession commitments made upon China's accession to the World Trade Organization (WTO), and lowered its tariff rate year by year. By 2010, China has fulfilled all its tariff reduction obligations, reducing its average arithmetic tariff rate from 15.3% (before the accession to the WTO) to 9.8%.

Over the 12<sup>th</sup> Five-Year Period China Customs has witnessed an extraordinary development that featured leaps and bounds. It has employed, in accordance with the law, comprehensive measures to prevent loss or theft of the revenue and declared zero-tolerance towards over collection of revenue. Customs revenue submitted to national treasury over the five years has reached RMB8271.8 billion, increased by 85.5% compared with the 11<sup>th</sup> Five-Year Period, with RMB285.4 billion of revenue reduced or exempted. China Customs has taken an active part in the research and drafting of China's import and export policies on revenue collection and proposed 199

adjustments, 131 among which were adopted. Through implementation of the nation's Free Trade Agreement (FTA) strategy, China Customs has successfully completed the negotiations on the rule of origin and trade facilitation in five FTAs including those with Switzerland and with Korea, bringing about tariff reduction of RMB141.7 billion.

In 2015, faced with the grave situation in revenue collection, China Customs, which adopted a responsible attitude, rose up to the challenges and employed effective measures to prevent loss or theft of the revenue. The net annual revenue submitted by China Customs to the national treasury in 2015 stood at RMB1509.41 billion.

In 2016, China Customs will take the comprehensive revenue collection management improvement a step further. With a responsible attitude, it will take effective measures to improve the effectiveness and quality of work and fight against revenue evasion and revenue dodging based on a law-based administration over revenue collection. China Customs will innovate the revenue collection model, increase the intelligence level of risk targeting, standardize criteria of taxable elements to improve enforcement uniformity, attach great importance to research and study of revenue collection policy, and carry out higher-level and better-quality

research.

## **IV Customs Anti-smuggling**

China's anti-smuggling mechanism works in a way where multiple border agencies share the role to identify smuggling activities, hand over to Customs for action and a whole of government approach to address smuggling issues. Anti-smuggling efforts are made under the guidelines of "combining combating and preventing, governing in an all-round manner, focusing on key issues and fighting with perseverance". Customs is the competent anti-smuggling authority of the Chinese government. The Minister of GACC also acts as the coordinator for the Anti-smuggling Comprehensive Approach Inter-Ministry Joint Conference Mechanism established by the State Council, with its office also at the GACC. Anti-smuggling police is the special force responsible for criminal and administrative enforcement of anti-smuggling, and is under the dual-leadership of the General Administration of Customs and the Ministry of Public Security, with Customs taking the leading role. The anti-smuggling police combats all kinds of smuggling crimes or activities according to the law.

During the 12<sup>th</sup> Five-Year Plan, remarkable achievements have been registered. Together with other departments and local authorities, China Customs launched a series of special campaigns against

smuggling, including “National Shield”, “Green Wind” and “Five Battles”, filing 97 thousand cases over the five years, with a case value of RMB233.85 billion and evaded revenue of RMB42.31 billion, up by 92.2%, 1.9 times and 2.2 times respectively compared with the previous five years. Major progress has been made in combatting smuggling and transactions of smuggled goods in key border regions without customs houses. The Anti-smuggling Inter-Ministry Joint Conference and the National Anti-smuggling Office continued to play an important role and formed stronger synergy for combatting smuggling.

In 2015, China Customs organized with other departments and local authorities the “Five Battles” and the “Boosting Revenue Collection through Anti-smuggling Efforts” hundred-day siege, strengthened control, carried out intense operations against smuggling and promoted comprehensive governance on agricultural products, key dutiable goods, drugs and guns, endangered species and hazardous wastes. Last year, 25.4 thousand smuggling cases were cracked, which involved a value of RMB50.981 billion and evaded revenue of RMB9.677 billion. Among these crack-downs, 186 cases constituted massive crime of smuggling, involving a revenue evasion of more than RMB10 million, 9.4% higher than the figure in 2014.



In 2016, China Customs will continue to maintain a tough stance on fighting smuggling, conduct the joint special operation of “National Sword 2016”, focusing on the smuggling of agricultural products including food and frozen products, high-tech electronics such as integrated circuits, key dutiable goods such as refined oil, luxury goods and tobacco, and drugs and weapons, as well as other illegal activities such as tax refund fraud and over invoicing, while promoting integrated anti-smuggling efforts so as to curb the trend in key areas without hesitation.

## **V Supervision and Control over Bonded Areas**

Processing trade and supervision over bonded areas is an important mission of China Customs. Since China became a member of the WTO, China Customs adapted to the changed situation and expanded the supervision and control from bonded processing to cover bonded logistics, further promoting China's international logistics, with trade volume under processing trade taking up more than half of China's total foreign trade for many years.

During the 12<sup>th</sup> Five-Year Plan, the integration and optimization of China's customs special control areas have made progress in reducing 162 customs special control areas to 124, with improved industrial structure, business pattern, trade models and supervision service. Processing trade develops in an orderly manner, showing good results of transformation and upgrading. China Customs utilizes Pilot Free Trade Zones as the trial fields for innovative supervision. innovative supervisory measures were trialed in Shanghai, Guangdong, Tianjin and Fujian. 25 measures of innovation were tested and recommended to other parts of the country.

In 2016, China Customs will implement the nation's Free Trade Zone strategy, take part in trade and investment agreement negotiations

such as the China-US and China-EU bilateral investment treaties, and lead the talks on issues such as rule of origin and trade facilitation. Management of origin and digitization and exchange of data will be strengthened. China Customs will step up the implementation of FTAs to make them work effectively. A coordination mechanism of customs in pilot FTZs will be established in a holistic manner, and replicate the institutional innovations and experience of pilot FTZs in other regions.

China Customs will speed up the innovative development of processing trade and the integration and optimization of customs special control areas. China Customs will implement the central government's opinions on boosting the innovation and development of processing trade and promote its transformation and upgrading. Qualified customs special control areas will be integrated into comprehensive bonded zones, with priority given to Mid-West China. China Customs will accelerate the growth of bonded processing, bonded logistics and bonded services in a diversified and coordinated manner, allow emerging business patterns to develop in a "bonded+" mode, guide processing trade to extend to the two ends of the industrial chain and expand effective supply.

## **VI Audit-Based Customs Control**

Audit-based Customs Control in China mainly involves 3 aspects, namely, audit-based control over enterprises, risk management and management over enterprises.

Audit-based control over enterprises means that, within the period of three years from the date of release of import and export goods or within the period when the bonded goods, goods with import duties reduced or exempted are subject to customs control and of three years thereafter, Customs verifies the account books, accounting documents, declaration documents, and other related documents as well as the relevant import & export goods of the enterprises and institutions directly related to import and export, so as to supervise the authenticity and legitimacy of their import & export activities.

Risk management is an organic regime of principles, procedures and methodology adopted by China Customs, which aims to identify, analyze, evaluate, resolve and monitor any risks that customs may face via the adoption of scientific management techniques and division of duty during the coordinated operation at different levels, departments and links of customs for higher effectiveness and efficiency.

Enterprise Management means Customs, acting in line with its mandate to exercise control over inward and outward goods, administrates the parties or their agents to make sure their import and export activities, other activities that are related to import and export and their internal management are done in accordance with customs laws and regulations. Management over enterprises, which mainly includes management over enterprise registration, enterprise credibility and services for declaration making, will have positive effect on every link of customs control.

For the past five years, China Customs has continued to improve the management regime of enterprise credibility, participated in building a national credibility system and promoted the mutual recognition of AEOs globally. Currently AEO mutual recognition arrangements have been signed with the EU, Korea, Singapore and Hong Kong SAR, while China Customs cooperates with 31 countries and regions in this aspect. AEO cooperation with the US, Japan, Switzerland, New Zealand, India, Israel, Turkey and South Africa witnessed a sound progress. With the solid progress on integrating the three “post-clearance audit” (PCA) in one, including general PCA, PCA on bonded goods and PCA on revenue reduced and exempted, China Customs are seeing enhanced capacity in all angles of real practice of

risk management, with better subsequent control already in place.

In 2015, China Customs achieved good results in subsequent customs control and enterprise credibility management, with 8,524 audits conducted nationwide and 4,766 companies caught with problems, representing an effectiveness rate of 55.9%. China Customs sent 557 suggestions to relevant agencies, catching up on RMB5.126 billion of revenue, increased by 36%, with the number of high-credibility enterprises reaching 40 thousand. With the reform of “double random” further deepened, 79.6% of the inspections are now randomly determined with 100% randomness in the choice of persons in charge. “Who checks” and “who to be checked” are now in the hands of computers, making enforcement fairer, cleaner and more efficient, which was highly praised by all parties.

In 2016, China Customs will further improve laws and regulations, especially the audit-related legal system including the Customs Audit-Based Control Regulations and other relevant rules, combine different kind of audits, encourage self-disclosure, promote regular audits, smooth the channel for social agencies to be involved in assisting customs audit and creates a new pattern of subsequent control featuring enterprise self-discipline, agency assistance and customs control. China Customs will build a National Targeting

Center with direct supervision from the GACC, paving the way for uniform and centralized management of safe entry at all customs administrations. Grade I Risk Control Center will be established and put into use, while the establishment of Grade II Risk Control Centers at all regional customs administrations will be accelerated. The random inspection reform will be carried out with ameliorated parameters and procedures and a reasonable proportion and frequency of random checks. The target for random inspection rate is 90% by July this year. China Customs will also make efforts to apply the “double random” principle not only to goods inspection but also to subsequent supervision and in non-enforcement scenarios. China Customs will continue to improve the integrated business management platform, improve enterprise credibility management, participate in establishing the national credibility system and step up cooperation on AEO mutual recognition.

## **VII Customs Statistics**

The statistics of China Customs are statistics of trade in goods imported into and exported out of China, which represent an important component of the statistics of the national economy. Following the principle of making the producing process and the statistics “accurate, timely, scientific, complete and internationally comparable”, and comprehensively applying the statistical standards recommended by the United Nations, China Customs studies, analyses, monitors and conducts early warning over China’s imports and exports through statistics production to fully and accurately reflect the faring tendency of foreign trade. China Customs produces and issues monthly in both Chinese and English various statistical materials, holding a leading position in the world in terms of timely data release. It provides periodically to the United Nations Statistics Division (UNSD), the WTO and other relevant international organizations the statistics of China's foreign trade, and has conducted extensive exchanges and cooperation with its counterparts in countries and regions which are China’s major trading partners, for example, the U.S.A, the E.U., Russia, Korea and Hong Kong SAR.

Over the past five years, China Customs has continued to enhance its capacity of research and forecast on import and export, regularly



evaluated the macroeconomic context and foreign trade, released the China Export Leading Index, and have actively advised the central government by providing high-quality information and statistical analysis, greatly serving macroeconomic decision-making.

In 2016, China Customs will continue to improve statistical and analytical capacity, strengthen monitoring and early warning analysis of import and export, deepen the comprehensive control of abnormal data, and ensure reliability of trade data. China Customs will make statistics more open and speed up the building of the Big-Data Information Platform of China Customs with a view to improving analysis, study and governance capacity via big data.

## **VIII Port Management**

As the competent port authority, the GACC duly performs its duty in port management, strengthen comprehensive governance of ports, plan port layout in a scientific way and advocate and promote “Single Window” for international trade, in line with the general requirements of “integrated clearance” proposed by the CPC Central Committee and the State Council. By the end of 2015, there have been altogether 295 ports in various types approved by the State Council for opening to the outside world.

Over the past five years, port management has become increasingly important to the general economic landscape. China Customs successfully promoted the national port management conference held by the State Council, promoted the announcement and implementation of the Opinions of the State Council on Strengthening and Improving Port Management to Promote Foreign Trade Growth, and helped establish an inter-agency coordination meeting mechanism on port management under the State Council. China Customs has promoted the establishment of “single window” for international trade basically in coastal areas, drafted and implemented the 12<sup>th</sup> Five-Year Port Development Plan, and has created or further opened 50 ports in the past five years, with better layout, infrastructure. And the

international port cooperation has made great achievements.

In 2016, the inter-agency coordination meeting mechanism will continue to play an important role in improving and strengthening port management. China Customs will take a holistic approach in promoting the building of electronic port and “Single Window” for international trade, promote and implement the 13<sup>th</sup> Five-Year Port Development Plan, and draft and effectuate the annual plan for port opening review for orderly opening up. China Customs will improve the rule of law in port management by promoting the Ordinance on Port Management and the Construction Standards for Port Inspection Facility Port Infrastructure. China Customs will continue to further international port cooperation and enlarge the stage for global partnership.

## **IX Customs Legal Framework**

The year of 2015 marks the first year of the all-round efforts to promote rule of law. China Customs, as a competent authority for supervising and managing entries and exits, is committed to law-based administration, deeming it a fundamental requirement and principle for customs work. In safeguarding the national gateway and providing services, we will bear in mind our belief in rule of law, strengthen awareness, approach everything according to law, carry out law enforcement in the interests of the people, make coordinated efforts for rule of law and relevant reforms, strike a balance between efficiency and fairness, fulfill the due responsibilities of China Customs mandated by law, safeguard the dominant position of the people in rule of law, and fulfill the goals and tasks of China Customs building a law-based customs administration. Meanwhile, China Customs, as a window of the government, delegates more power to lower levels and deepens the administrative review and approval reform, tries to build an upright customs which focuses on “control, reduction, simplification and facilitation” to transform its functions towards creating an enabling environment for development, providing quality public services, and maintaining social fairness and justice.

Over the past five years, China Customs has made significant progress

in promoting the rule of law. The long-term mechanism of “legislation, amendment, abolition and interpretation” is now in place, while customs laws and regulations continue to improve with 28 regulations made in the period. Administrative enforcement accountability is further improved, and the standardization and uniformity of enforcement continues to deepen. The “Six Five” law promotion education concluded in success.

In 2015, China Customs continued to streamline administration and delegate power, created a better environment and stimulate market vigor. China Customs abolished 12 and delegated 3 items for administrative approval, and eliminated all non-administrative review and approval matters. Its internal verification and approval matters have been overhauled with focus put on simultaneous and subsequent control, striking a perfect balance between enabling and controlling. China Customs removed the scale threshold for corporate credibility recognition and encouraged precise inspection with the ratio of non-intrusive inspection rising significantly. Companies now can register in one place and declare anywhere in the country, as more free and accessible customs clearance channels are becoming available. China Customs did a thorough sweep of charges in import and export, started exempting hoisting, moving and storing fees for credible companies in pilots in Guangdong and Shanghai. China Customs

specified the benchmark and regulation for discretion, created uniformity in the use of administrative discretion based on same standards to avoid the abuse of administrative power. The 12360 hotline has become more widely known, as China Customs continues to innovate in government information release and increase transparency to build "Sunny Customs".

In 2016, China Customs will continue to improve its administration in accordance with the law. More administrative approval items will be abolished or delegated. All approvals will be available at a single window and will be able to finish online, making the approval process more efficient and user-friendly. Internal approval in enforcement will be improved. Administrative discretion will be regulated with real and procedural restraints. The responsibility mechanism of "whoever enforces the law should popularize the law" will be implemented to publicize the laws they enforce. Case guidance will be established to help interpret the law with individual cases. A power list, responsibility list and negative list will be made to specify the power and responsibility of China Customs, its statutory basis, entities involved and procedures, so that items on the list must be fulfilled, while those not on the list must not be done. The negative list will be formulated so that all market entities can enter sectors beyond the list on an equal basis and do any operation within the legal scope. China

Customs will continue to build a solid foundation for the rule of law, adhere to the mechanism of “legislation, amendment, abolition and interpretation” and promote scientific and democratic legislation while focusing on the deepening of comprehensive reform, improving current regime and standards and the systems of essential business. The long-term clean-up mechanism of customs rules and regulatory documents will be established so that rules not suitable for enforcement practice or outdated rules can be amended or abolished. Enforcement supervision and inspection will be conducted, and the information technology and intelligence-based auditing and supervision of China Customs can be advanced with the big data to realize full-cover audit.

## **X Science and Technology**

China Customs, having engrained the strategy of “building a smart Customs through science and technology” into its daily work, pays great attention to improvement its scientific and technological management and the effectiveness of scientific and technological application.

Over the past five years, China Customs has adopted more innovations in science, technology and equipment.

In 2015, China Customs forged ahead with scientific innovation, with the Golden Customs Project (Phase II) fully implemented, the monitoring center, the customs cloud platform and other key infrastructure accomplished, and 101 sets of H986 equipment added or upgraded. Relying on the uniform information management platform of electronic ports, China Customs continued to step up its support for emerging trade patterns such as cross-border e-commerce, new commercial modes, and small and medium sized enterprises.

In 2016, China Customs will capitalize on the new technology and equipment as a replacement for manpower, and continue to promote scientific and equipment innovation. The top-level planning for



scientific and technological progress and the centralized management of relevant projects will be strengthened. The Golden Customs Project (Phase II) will be accelerated and key applications finished. A new generation of customs clearance system will be developed. China Customs will improve an equipment guarantee mechanism that suits the real need of control and anti-smuggling, step up the research and development of equipment for exclusive use and explore substituting manpower by machines. All government procurement will be based on rules and standards.

## **XI International Cooperation**

Since China joined the World Customs Organization ( WCO ) in 1983, with full consideration of China's diplomatic needs and foreign trade growth, China Customs enhances international exchanges and cooperation, plays an active role in the decision-making and planning processes for international customs affairs, hosts important WCO conferences and activities, establishes regional WCO institutions, presents to the world the achievements China Customs has made in its reforms, encourages proposals and practices for promoting the country's modernization and engages in various WCO affairs, such as running for the WCO senior official positions, trade facilitation, enforcement and compliance, capacity building and human resources development. Meanwhile, China Customs has assumed the role to set multilateral rules of trade facilitation, and has been very active in the negotiations of customs chapters of FTAs and the implementation thereof to support the national free trade strategy. What's more, China Customs actively participates in the cooperation on customs affairs under the framework of Asia-Pacific Economic Cooperation (APEC), Asia-Europe Meeting (ASEM), China-ASEAN cooperation, Shanghai Cooperation Organization (SCO), Central Asia Regional Economic Cooperation (CAREC), Great Mekong Sub-region (GMS) cooperation, China-Japan-Korea cooperation, China-Russia-Mongolia cooperation

and BRICS, making positive progress on such fronts as trade security and facilitation, capacity building, social and environmental protection.

In the past five years, China Customs international cooperation reached a new height by engaging a wider range of international partners in multiple ways. Bilateral, multilateral and regional customs cooperation, i.e with Hong Kong, Macao and Taiwan regions, become increasing strong. Fifty customs cooperation agreements were signed at major diplomatic events with 23 countries. China Customs participated in over 20 major cooperation mechanisms at state level with the US, Russia, the EU, Russia, Mongolia, Japan and Korea, effectively contributing to China's foreign affairs and foreign trade. Till now, China Customs has established cooperation with 131 countries and regions and signed 166 cooperation agreements. China Customs promoted the conclusion of the "Agreement on Trade Facilitation" of the World Trade Organization (WTO), which is the first WTO agreement focusing on customs issues. With the China Capacity Building Fund established in the WCO, the first of its kind set up by a developing member country, China Customs become more influential on the world stage.

2015 was a fruitful year for customs international cooperation. 18 customs cooperation agreements were signed at major diplomatic

events with 14 countries. Number of overseas officers posted increased. A senior official position of the WCO was won by the representative from China Customs. Meanwhile, in Xi'an, the Forum for Heads of Customs Administrations along the Belt and Road was successfully held. Heads of Customs from 71 countries and regions as well as international organizations presented in the forum and 3 documents of customs connectivity cooperation including the *Initiative by the Forum for Heads of Customs Administrations along the Belt and Road* were agreed, serving as a platform for customs cooperation between the countries and regions along the "Belt and Road".

In 2016, China Customs will continue to expand international cooperation engage with counterparts in key countries and regions including Hong Kong, Macao and Taiwan, consolidate the achievements of cooperation at multilateral, bilateral and regional levels. China Customs will strengthen the connectivity cooperation with customs along the "Belt and Road" with a view to promote the great passage for international transport. China Customs will develop a blueprint for its future cooperation with the WCO and actively take part in the setting of international rules. China Customs will promote cooperation in trade security and facilitation, capacity building and enforcement, develop more pragmatic cooperation projects for

showcasing, enhance its capacity to assist in foreign affairs and foreign trade growth of China, and promote connectivity among the Customs administrations worldwide.

## **XII Staff Management**

Over the past five years, echoing the spirit of the 18<sup>th</sup> NPC and the 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> Plenary Session of the 18<sup>th</sup> CPC Central Committee, as well as the speeches by President Xi Jinping, China Customs conducted the Mass Line educational campaign and the thematic education on the “three rigorous and three pragmatic” (rigorous self-cultivation, rigorous use of power, and rigorous self-discipline; pragmatic planning, pragmatic performing and pragmatic behaving) Focusing on the “Four Comprehensive” strategic setting, China Customs continued to enhance “Four Awareness” to inspire the faith of the staff and promoted Party-related work in all aspects. Taking reference from the revolutionary nature, modernization and standardization of the People's Liberation Army, China Customs achieved significant results in building a para-military customs force with high level of qualifications and discipline. China Customs adhered to the “20-character standard” for staff promotion, continued to strengthen leadership building, gave priority to talent building, and conducted comprehensive exchange at multiple levels to build a team of excellent staff members with loyalty, integrity and responsibility. China Customs also launched reform to reduce size of executives and increase number of operational staff. The frontline enforcement workforce became notably stronger.

During the past five years, the role of auditing has become more important. Cross-auditing, mid-tenure auditing and specific auditing have been increasingly conducted. Both the auditing decisions and rectification results have gone public. Economic accountability auditing of customs executives is fully launched, enforcement inspection and check were conducted and auditing now covers the whole agency. Key issues were scrutinized. Policies and instructions are well disseminated within the agency to "the last kilometer" i.e the frontline officers at the border. A system of indicators of internal control covered all high risks within customs with a three-tier preventive system of grassroots self-check, functional control and special audit effectively in place. The "technology plus science" regulatory approach was introduced to fight corruption in a smart way.

In 2016, China Customs will carry out the “Two Studies and One Qualification” (the Party doctrines study plus Party executives speech study in a bid to become a qualified party member) campaign, set out instructions to rigorously discipline Party performance within Customs, list respective accountability for Party management borne by Party subsidiaries and Party member executives at all levels within Customs, conduct targeted inspection on Party management accountability, enhance para-military customs workforce building.

Integrity inspection, housekeeping inspection and identification of risks and malpractices will become regular practice. China Customs will implement the strategy of organizational improvement by cultivating talents, focusing on the improvement of leadership composition, promoting the human resource system reform, developing and improving the regime of customs specialists and continuing to conduct job-specific training and skill competitions. China Customs will continue to treat integrity and self-discipline as priority, improve work methodologies and increase anti-corruption efforts.



## **Major Operational Statistical Data of China Customs in 2015**

3.95 billion tons of import and export goods

RMB24571.4 billion worth of import and export goods

740,000 arriving and departing airplanes

470,000 arriving and departing vessels

24,940,000 arriving and departing vehicles

98,410,000 TEUs

584,860,000 inward and outward postal items and luggage

344,800,000 inward and outward items through express mail service

70,810,000 import and export declarations

2,226,000 declarations of goods inspected

25,560 smuggling cases filed

RMB51.38 billion involved in filed smuggling cases

5,215 persons imposed mandatory measures

RMB1509.413 billion net Customs revenue