

# *Xi'an Customs Commit Himself to Reform to Promote Trade Facilitation*

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**Abstract:** China (Shaanxi) Free Trade Pilot Zone is the bridgehead for "Belt and Road" in its opening to the west as well as the front line of China's reform and opening-up. It includes three special customs supervision areas. Xi'an Customs, as the leader in improving business environment and facilitating trade facilitation degrees, takes pragmatic measures and effective mechanisms to further implement the reforms. Besides, it also takes effective concrete measures and practically implement them to promote function transformation and explore system reform and model innovation, which helps create a "pilot field" for comprehensively deep reform and open up new heights for opening-up.

## **1. Basic Situations of China (Shaanxi) Free Trade Pilot Zone**

It is one of the Batch 3 **Free Trade Pilot Zones set upon the approval of the CPC Central Committee and the State Council** on August 31, 2016 and the only pilot free trade zone in northwest China. On March 15, 2017, the State Council released *Approval of the State Council on Establishing China (Shaanxi) Free Trade Pilot Zone*. On April 21, China (Shaanxi) Free Trade Pilot Zone (hereinafter referred to as Shaanxi Free Trade Pilot Zone) was established officially.

### **1.1 Implementation scope**

China (Shaanxi) Free Trade Pilot Zone covers an area of 119.95 square kilometers and includes three zones: the central zone covers an area of 87.76 square kilometers; Xi'an International Port Zone covers an area of 26.43 square kilometers; Xi'an Yangling Demonstration Zone covers an area of 5.76 square kilometers. Shaanxi Free Trade Pilot Zone covers three special customs control areas, including Xi'an Export Processing Zone A and B of Shaanxi Province, Xi'an High-Tech Comprehensive Free Trade Zone, Xi'an Comprehensive Free Trade Zone. It also includes one bonded supervision area, Shaanxi Xixian Bonded Logistics Center (Type B).

### **1.2 Division of functions**

According to the regional distribution, central area of the Free Trade Pilot Zone will focus on the development of strategic emerging industries and high-tech industries, high-end manufacturing, aviation logistics, trade finance and other industries. Besides, it will also promote the construction of service trade promotion system and expand the cultural and people-to-people exchanges in science, technology, education, culture, tourism, health and medical care deeply and extensively. High-end industries and cultural exchanges for "Belt and Road" will be built. Xi'an International Port Area will focus on the development of international trade, modern logistics, financial services,

tourism and exhibition, and e-commerce and the construction of "Belt and Road" international transit inland hub port, open financial industry innovation highland as well as a new platform for Eurasian trade and people-to-people exchanges. Yangling Demonstration Area lays its focus on the innovation, demonstration and promotion of agricultural science and technology and the creation of a "Belt and Road" International cooperation center for modern agriculture by comprehensively expanding international cooperation and exchanges in agriculture.

According to customs supervision ways, special customs supervision area mainly focuses on exploring system innovation with trade facilitation as the main content and carrying out goods trade, financial leasing, bonded processing and bonded logistics. non-customs special supervision area aims at exploring investment system reforms, promoting innovation in the financial system by perfecting the supervision during and after the event so as to actively develop modern services and high-end manufacturing industry.

## **2. Development of Xi'an Customs Free Trade Pilot Zone**

Xi'an Customs conscientiously implements measures of the General Administration of Customs to support the construction of Shaanxi Free Trade Pilot Zone and the deployment of the provincial party committee and the provincial government of Shaanxi to build the first-class Free Trade Pilot Zone. What's more, Xi'an Customs promotes functional transformation, explores institutional innovation, creates pilot plots for comprehensively deepening reform, which leads the way to expand opening up. The specific work is as follows:

### **2.1 Form "four mechanisms" to advance the development of the Free Trade Pilot Zone**

First, the mechanism of regular meetings. The leader in charge of Xi'an Customs is responsible for convening weekly meetings held in the office of the Free Trade Pilot Zone. At the meetings, the progress of the previous week is reported and priorities of the next step are discussed. In addition, key and difficult issues are discussed through group discussion, and priorities are given to resolving bottlenecks, so as to break through "blocking points". Second, the joint conference mechanism. A joint conference mechanism with the administrative committee of each development zone is formed by visiting the provincial and municipal authorities of the Free Trade Pilot Zone, so as to listen to the needs and suggestions of relevant authorities and enterprises on boosting the construction of the Free Trade Pilot Zone and to coordinate research initiatives. Third, the international cooperation mechanism. Under the leadership of the General Administration of Customs, international cooperation in customs has been carried out, such as deepening practical cooperation with Alma-Ata Customs, and actively participating in activities organized by the General Administration of Custom including AEO joint certification, China-Russia working group meeting on intellectual property, China-Kazakhstan customs working conferences for statistics experts. Forth, the supervision and implementation mechanism. A working account of supervision is established to promote the construction of the Free Trade Pilot Zone and a management system of supervision display is developed and operated, with an aim to manage matters under supervision by means of "red, yellow and green lights" and to regularly report the completion of the supervision work.

### **2.2 Implement practical measures to advance the development of the Free Trade Pilot Zone**

Based on needs and combined with the situation in the province, *Delivery Documents* are compiled and distributed to provide decision-making reference for the provincial and municipal governments. *Xi'an Customs* has been formulated to support the five priorities related to the construction of the Free Trade Pilot Zone in Shaanxi province, thereby forming a "customs program" supporting the construction of Shaanxi Free Trade Pilot Zone. *Regulatory Program of Xi'an Customs Free Trade Pilot Zone* has been formulated in the first place, which has been

implemented after the approval of the General Administration of Customs, thus laying a solid foundation for the reform and innovation system of the Free Trade Pilot Zone.

The former Shaanxi Entry-Exit Inspection and Quarantine Bureau issued *Twenty Measures to Support the Construction of Shaanxi Free Trade Pilot Zone*, which supports the construction of Shaanxi Free Trade Pilot Zone from four aspects, including deepening administrative reform, deepening innovation in the inspection and quarantine supervision system, improving trade facilitation and supporting industrial development. Thirteen specific measures have been formulated to support the development of the Yangling free trade area with its own characteristics. Customs inspection cooperation has been deepened; *Implementation Program of Regulatory Service on Supporting the Construction of Shaanxi Free Trade Pilot Zone* has been issued jointly with the former Shaanxi Entry-Exit Inspection and Quarantine Bureau, which identifies 24 specific measures in five aspects of customs inspection to jointly boost the construction of Shaanxi Free Trade Pilot Zone. Ten measures have been issued to support the development of the plant extract industry; the requirement to provide the *Classification Certificate of Dangerous Goods* for export plant extracts (for food use) is canceled; Shaanxi international sales strategic alliance for the plant extract industry has been established. A new model of inbound maintenance product supervision of “enterprise qualification assessment+simple audit and approval + supervision and inspection” is explored, in order to vigorously support the development of inbound maintenance and re-manufacturing business.

### **2.3 Vigorously boost the facilitation of cross-border trade**

Regulatory reform of the Free Trade Pilot Zone is deepened. “Integration of multiple certificates, and multiple co-working” have been provided for enterprises in the Free Trade Pilot Zone. Pilot projects of supervision and innovation in bonded testing and R&D is explored. Consequently, customs clearance time of pilot enterprises is reduced by nearly 95 percent, and a nearly six million yuan of funds tied up is released. The “single window” for international trade is widely used; the coverage of customs declaration and inspection reaches 80 percent, which is ahead of the target of 70 percent coverage by the end of the year stipulated by the national administration office of port-of-entry. The “double-random one-open” regulatory system is expanded; regular inspection and inspectors are selected at random at a rate of 100 percent; random control and inspection accounts for 98.6%. “Internet + Customs” is adopted to optimize services; online processing is available for enterprise registration and filing; mobile payment is available for tax on postal articles; the customs clearance system for personal postal articles entering China ([www.ghzx.gdems.com](http://www.ghzx.gdems.com)) has been put into operation, through which citizens can handle international mail clearance business such as inquiry, declaration and tax payment; entire online processing is available for *Exemption Certificate for China Compulsory Certification*. The customs clearance process has been simplified; 17 key tasks in five aspects have been formulated to reduce customs clearance time for cargo; a special campaign to shorten the customs clearance time has been launched; 13 specific measures have been formulated to provide a detailed work scheme for the Free Trade Pilot Zone to implement the port-of-entry efficiency improvement and fee reduction.

## **3. Supporting Measures and Implementation Situation**

Xi'an Customs supports trade facilitation mainly by optimizing system reform and mode innovation to boost the development of Shaanxi Free Trade Pilot Zone.

### **3.1 The system of “Entry first, declaration later”**

In terms of access to the Free Trade Pilot Zone from abroad in the special customs supervision areas, enterprises registered with the customs within the Free Trade Pilot Zone are allowed to make

a brief declaration to the customs based on the information such as the manifest of the imported goods, go through the procedures of port-of-entry pick-up and cargo entry, and go through formal declaration of entry cargo with the customs within the prescribed time limit. The customs, relying on the information-based management system for special customs supervision areas, conducts effective supervision by analyzing risks.

Implementation situation: In November, 2015, in order to meet demands of Samsung (China) Semiconductor Co, LTD., the customs, through the information-based management system for special customs supervision areas, successfully realized direct transportation of charter cargo from Xi'an Xianyang International Airport to the High-tech Integrated Free Trade Zone through the system of "entry first, declaration later", with a total of 56 vehicle trips, 18 customs declaration forms and a trade volume of 230 billion Yuan. In November, 2017, Xi'an Customs fully implemented the national integrated customs clearance system, which is more efficient and convenient than the system of "entry first, declaration later".

### **3.2 Self-transport system within the Free Trade Pilot Zone**

Enterprises registered with the customs within the Free Trade Pilot Zone can use vehicles not under customs supervision to transport cargo by themselves between various special supervision areas and bonded logistics centers.

Implementation situation: The system has been promoted within all enterprises in the customs area since July 1, 2017. Consequently, logistics costs have been reduced by more than 30 percent on average.

### **3.3 System of domestic and overseas maintenance**

Qualified enterprises within the special customs supervision areas of the Free Trade Pilot Zone are allowed to carry out domestic and overseas maintenance business with high technology, high added value and no pollution. The customs carries out management by referring to the mode of bonded processing supervision and relying on the information system.

Implementation situation: The total number of maintenance enterprises under supervision is seven, with the value of 61.56 million yuan and the tax of 1.517 million yuan.

### **3.4 Batch import and export, centralized declaration system**

For the goods importing and exporting the Customs Special Control Zone of the Free Trade Pilot Zone, the former "one bill and one declaration" shall be replaced by "multiple bills and one declaration".

Implementation situation: The system has been fully promoted. The Customs received a total of 15,242 bills for the declaration of this model from enterprises, with a total value of 16.6 billion yuan, saving nearly 3.5 million yuan for the company.

### **3.5 Simplified the paperless customs clearance attached documents**

For the enterprises in the special customs supervision areas of Free Trade Pilot Zone, the attached documents should be simplified in the form of paperless declaration of customs clearance, but the Customs reserves the right to require enterprises to provide relevant documents when necessary.

Implementation situation: From April 1, 2017 to October 31, 2018, the operation rate of Xi'an Customs paperless customs clearance was 99.19%, and the amount of paperless customs declarations was 415,000 bills. The number of documents attached to the declaration forms is greatly reduced, and the customs declaration cost of enterprises is reduced by about 20%.

### **3.6 Selective taxation system for domestic sales**

For goods processed, produced and sold to the domestic market by enterprises in the customs special supervision area of the Free Trade Pilot Zone, enterprises may choose to pay import tariffs according to their corresponding imported materials or actual inspection status.

Implementation situation: In 2016, only one bill of the selective tariff collection business was completed, with a cumulative value of 105,000 yuan and a tax of 19,000 yuan, which saved about 600 yuan for enterprises. Since April 1, 2017, no such business has been chosen by the enterprises in the region.

### **3.7 International customs AEO mutual recognition and cooperation system**

Xi'an Customs establishes a straight-through communication channel with the General Administration of Customs AEO Liaison, coordinates and solves the problem of AEO mutual recognition and corporation's export goods in customs clearance process in the country where China has signed an AEO mutual recognition arrangement with China. Customs AEO mutual recognition and convenience measures are taken so that AEO companies can truly enjoy customs clearance convenience brought by the international customs AEO mutual recognition cooperation, improve customs clearance efficiency, reduce logistics costs and enhance their international competitiveness.

Implementation situation: Strengthen the counseling and cultivation of enterprises, and guide more enterprises to become customs AEO enterprises. Strengthen contact with General Administration of Customs AEO liaisons, and timely solve the difficult problems encountered by AEO enterprises in the customs area in the process of mutual recognition of customs clearance in national areas. At present, there are 476 AEO companies in the customs area, including 22 senior certification companies.

### **3.8 Inter-departmental one-time joint inspection system**

Relying on the "single window" and "Internet+" systems of international trade, the "single window" will cooperate with relevant industries such as banks, insurance, civil aviation, railways and ports to jointly build a cross-border trade big data platform, and promote customs, border inspection and maritime affairs shall conduct a one-time joint boarding inspection on the means of transport, such as ships, planes and trains entering and leaving the country, to avoid long-term inspections.

Implementation situation: At present, the coverage rate of goods declaration business in Shaanxi Province is 100%, and the annual business target of 70% coverage has been completed ahead of schedule. Over the years, Our Customs conducted a one-time joint inspection of inbound and outbound flights with border defense and original inspection and quarantine.

### **3.9 Customs pre-ruling system**

In 2018, General Administration of Customs issued a Notice No.14, announced Interim Measures of the Customs of the People's Republic of China for the Administration of pre-ruling. Enterprises may apply for pre-determination of customs classification, price and origin from the Customs directly under the registered office. Since February 1, 2018, the Customs will no longer accept pre-classification, price pre-examination and pre-determination of origin.

Implementation situation: Our Customs has carried out the pre-determination of classification, price and origin in accordance with the relevant regulations of the General Administration of Customs.

### **3.10 "Double random, one publication" regulatory system in the field of law enforcement**

"Double random, one publication" refers to random selection of inspection objects, random appointment of law enforcement inspectors, timely publication of investigation results. By which can solve problems such as arbitrary inspection in administrative law enforcement, unfair law enforcement and human relations inspection in internal management effectively, can improve management science, and can create a management environment that is open, transparent, fair, honest and self-disciplined.

Implementation situation: Our Customs has fully implemented "double random, one publication" in the field of business law enforcement such as import and export goods supervision, import and export transportation supervision, bonded inspection, bonded goods supervision, customs special supervision area supervision, duty-free shops and duty-free goods verification. Regular inspection and inspectors has achieved 100% random selection.

### **3.11 System of independent declaration of origin**

According to the relevant regulations of General Administration of Customs, under the "China-Switzerland FTA", China's approved exporters may issue a declaration of origin on Chinese origin goods produced and exported to Switzerland in accordance with Chapter III of Agreement, "Rules of Origin and Implementation Procedures", and no relevant certificate of origin shall be required. Relevant goods may apply for the preferential tariff treatment when they declare the import in Switzerland by virtue of the declaration of origin.

Implementation situation: Start targeted promotions, and relevant companies can apply for it at any time. At present, our Customs has handled the business of origin declaration for two export enterprises.

### **3.12 Advance declaration, arrival inspection and release**

If the consignee or consignor of the import and export goods or the entrusted customs declaration enterprise declares in advance, the imported goods shall be declared to the Customs in advance on the basis of the data of the bill of lading or the manifest of cargo (manifest) during the arrival at the Customs regulatory place and the embarkation of the inbound means of transport carrying the goods. and the export goods shall be declared to the Customs within three days before the arrival of the goods at the Customs regulatory place, and the relevant goods shall Attached documents, approval documents for import and export goods and other supporting documents to be provided shall bear corresponding legal responsibility for the authenticity, accuracy, completeness and standardization of the declared contents.

Implementation situation: Since August 21, 2018, the mode of "advance declaration, delivery and inspection" has been fully promoted in the customs area. After the container enters the supervision site, the electronic delivery information is transmitted in real time through the intelligent bayonet. The enterprise can know the release of the customs declaration in time. As a result, the number of container trips is greatly reduced. The entry and exit supervision places for China-Europe Train(Chang'an) is regulated. The supervision site is equipped with a smart bayonet systems linked to customs, transport information transmission system, high definition monitoring system covering the whole area, and totally enclosed physical Seine. The efficiency of customs clearance will be greatly improved.

### **3.13 Operation mode of releasing first and then changing orders**

The Customs shall change the order after the inspection finds an abnormality, and the import and export declaration form that meets the requirements of the inspection conclusion is allowed to be released before the order is changed.

Implementation situation: Since September 12, 2018, Xi'an Customs has implemented the operation mode of first releasing and then changing orders.

### **3.14 New mode of consolidation of manifest for railway transportation**

Xi'an Customs cooperates with the Customs at relevant ports and dock with Alashankou Customs. The enterprise will import the bulk of the goods of the same name, the same specification, the same contract, the same company and the same rank in the goods of the Central European Train (Chang'an). The original "one cabinet one bill" was changed to "one train one bill". And one compartment will generate one cabin for one-way customs declarations, which can save more than 90% customs clearance cost.

Implementation situation: By October 30, a total of 34 applications for the declaration of "consolidation of manifests" have been applied to the port customs, and the number of goods originally required to be declared as 1063 was reduced to 39, and the customs clearance and customs clearance fees were reduced by 96.3%.

### **3.15 Mode of diversified tax guarantee**

While accepting deposits and bank guarantees, we should promote the innovation of tax guarantees mode. We will develop various forms of tax guarantees, such as tariff guarantee insurance, financial companies, and joint guarantees.

Implementation situation: The financial company guarantee has successfully implemented 2 orders in our Customs, involving the business of summary taxation and total guarantees. At the same time, our Customs has handled the first bill of the guarantee business of customs house bonds insurance on November 1st, which is also the first order of guarantee business of customhouse bonds insurance of the national Customs. Since then, the reform of customhouse bonds insurance in Xi'an Customs officially launched.

### **3.16 Full-time bonded supervision mode of integrated circuit design enterprise**

Integrated circuit design enterprises are taken as the leader and the processing trade manual business unit, the design, chip manufacturing, packaging and testing enterprises on the integrated circuit industry chain are all included in the scope of processing trade bonded supervision. This mode can replace the previous import mode of "temporary import and export" and the electronic trade manual of processing trade is handled for the enterprise so as to support the enterprise to transfer materials used for testing research and development to bonded domestic and downstream enterprises through the bonded mode. This way can greatly improve the efficiency of physical goods circulation and promote the extension of the domestic industrial chain.

Implementation situation: A manual was set up for two IC design enterprises in the customs area to incorporate the design in the IC industry chain into the bonded supervision. Improve the customs clearance efficiency of this kind of goods by 95%, and save the cost of using funds for enterprises by 9 million Yuan.

### **3.17 Networked supervision for warehouse goods**

The customs implements a supervision mode of "system networking, storage location management and real-time verification" for warehousing enterprises using the WMS system (computer storage management system) so as to realize real-time control and dynamic verification of the import, export, transfer and storage of goods.

Implementation situation: According to actual situations of the enterprise, the zone has implemented bonded logistics networks with 16 enterprises, which can help enterprises better strengthen internal management, reduce the cost of enterprises, decrease law enforcement risks and strengthen customs supervision at the same time.

### 3.18 Intelligent supervision mode of international express

The customs express declaration system has been developed and completed and the functions of type B express declaration and ID verification have been integrated, which further strengthens the real-name management of inward and outward expresses and prevent and control risks of bill separation and tax evasion. Customs can inquire and count related information of goods through the warehouse management system of the express supervision site. It regards pass line inspection as an important means to prevent and control security access risks. Besides, the bar code scanning system can be used to read express customs declaration information and audit results. Goods will be allocated to the inspection area automatically according to the orders. The 3-D imaging advantages of CT machine can be applied to improve the drawing inspection and resolution rate and the “same screen” system will be used recognize situations where express goods hide and smuggle firearms and ammunition, controlled knives, food products of animal origin, plant products and other prohibited and limited goods.

Implementation situation: Since the implementation of the system, a total of 5.302 million pieces of inbound and outbound fast freights have been supervised with a total cargo volume of 118,34.6 tons and the cargo value of 1.06 billion Yuan.

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