

China adjusts certain 2020 commodity import tariff rates

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Starting from 1 January 2020, China's import tariff rates for certain commodities have been adjusted in accordance with the "Notice of the Customs Tariff Commission of the State Council on the 2020 Adjustment Plan for Import Tentative Tax Rates and Other Adjustments" (CTC Public Notice [2019] No. 50). In addition, China's interpretation of domestic subheading of import and export tariffs has been revised as per the "Notice of the Customs Tariff Commission of the State Council on Adjusting Interpretation of Certain Domestic Subheadings" (CTC Public Notice [2019] No. 51).

Major Adjustments

Import Tariffs

According to CTC Public Notice [2019] No. 50, from 1 January 2020, import tariffs for certain commodities were adjusted and are summarized as below:

Tariff type	Adjustments
Most Favored Nation (MFN) rate	<ul style="list-style-type: none"> ▶ From 1 January 2020, the import tariffs for 859 commodities (excluding the commodities with tariff quotas) will be reduced (the application of tentative import tariffs). ▶ From 1 July 2020, the tentative import tariffs for seven information technology products will be repealed. ▶ On 1 July 2020, a further tariff reduction for information technology products listed in the Schedule of the Amendment to the Tariff Concession Schedule of the People's Republic of China to Join the World Trade Organization will be implemented.
Tariff quota	<ul style="list-style-type: none"> ▶ The tariff quotas continue to apply to eight commodities, including wheat. The quota tariff rate for fertilizers, urea, compound fertilizer, ammonium hydrogen phosphate will remain unchanged at 1%. Sliding duties shall continue to be imposed on a certain quantity of cotton imported beyond the quota.
Conventional tariff rates	<ul style="list-style-type: none"> ▶ From 1 January 2020, new reduced rates will be implemented under trade agreements or preferential rate arrangements concluded with New Zealand, Peru, Costa Rica, Switzerland, Iceland, Singapore, Australia, South Korea, Chile, Georgia, Pakistan, and agreement rates for the Asia-Pacific Trade Agreement will be reduced. ▶ From July 1, 2020, in accordance with the provisions of the bilateral trade agreement between China and Switzerland and the Asia-Pacific Trade Agreement, the relevant conventional tariff rates will be further reduced.
Preferential tariff rate	<ul style="list-style-type: none"> ▶ Except for Equatorial Guinea, preferential tax rates will continue to be applied to other lesser developed countries that have established diplomatic relations with China and completed exchange procedures. ▶ From January 1, 2020, Equatorial Guinea will cease to enjoy the preferential treatment of zero tariffs.

Interpretation of Domestic Subheading

According to CTC Public Notice [2019] No. 51, from 1 January 2020, the interpretation of 24 domestic subheadings have been adjusted, which are distributed in 9 chapters of the China Tariff Schedule.

Implications

It is recommended that businesses conduct an analysis of the import/export tax amount changes arising from China's tariff rate adjustments as early as possible to clarify the impact on finance and supply chain.

Businesses are also advised to compare the HS codes of goods exporting to China with the China domestic subheading adjustments to ensure the accuracy of the declared HS codes and compliance with customs declarations.

Endnote

1. Chapters involved in the modification of subheading notes: Chapters 7, 20, 22, 28, 54, 55, 84, 85, 86.

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