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AN ANALYSIS OF IMPORT-EXPORT PROCEDURES AND PROCESSES IN CHINA

By

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* Professor, China Europe International Business School (CEIBS), Shanghai, China. This work was carried out with the aid of a grant from IDRC, Canada and is part of an ARTNeT Trade Facilitation Study on Improving Regional Trade Procedures and Process (see www.artnetontrade.org for details). The technical support of the United Nations Economic and Social Commission for Asia and the Pacific is gratefully acknowledged. The opinion figures and estimates are the responsibility of the author and should not be considered as reflecting the views or carrying the approval of the United Nations, ARTNeT and the CEIBS. This paper benefited from comments received from participants during the ARTNeT Trade Facilitation Research Team Meeting on Improving Regional Trade Procedures and Process and Asia-Pacific Trade Facilitation Forum, 4-6 October 2010, Kuala Lumpur, Malaysia. Any errors are the responsibility of the author, who can be contacted at bramasamy@ceibs.edu

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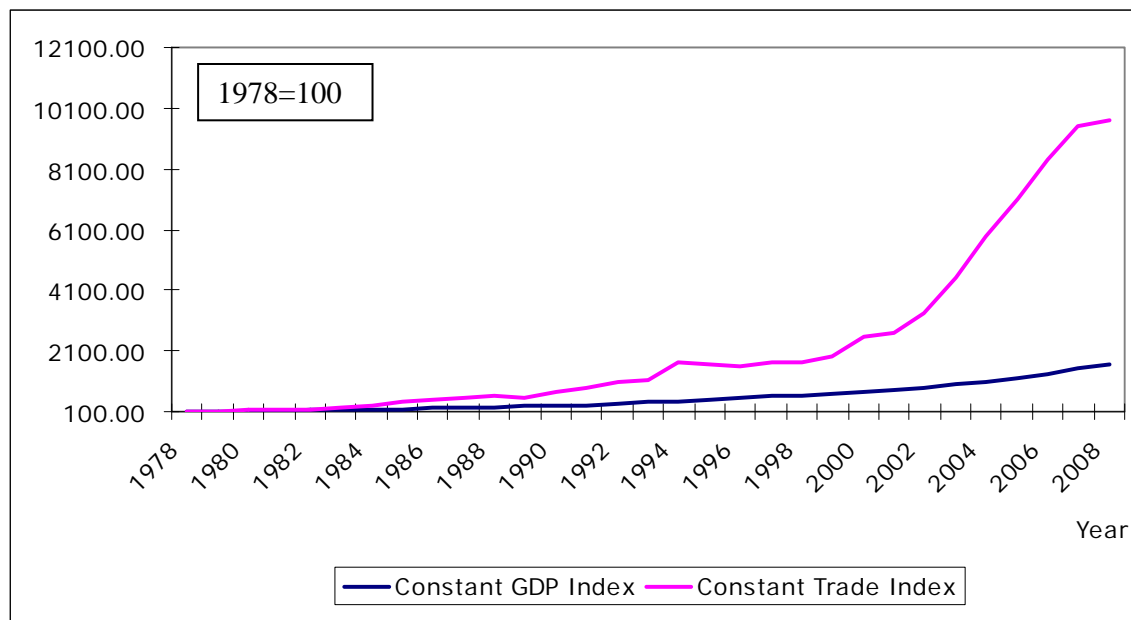
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I. Introduction

In the 4th Quarter of 2009, the Chinese economy grew at an enviable pace of 10.7% and clocked an annual growth rate of 8.7% for the whole of 2009. In sharp contrast, the World Bank has predicted that the Japanese economy would shrink by 5.4% in the same year, thus putting China on a comfortable path towards becoming the second largest economy in the world in the very near term. International trade – which had been an engine of growth of the Chinese economy since the beginning of the economic reforms in 1979 – was significantly slower in 2009 (exports and imports decreased 16% and 11.2%, respectively)¹ – but by November 2009, growth was already at hand. In December 2009, trade increased more than 30%. This comes as no surprise as China's trade historically has grown faster than output. See Figure 1.

Fig. 1: China: Growth in Output and Trade



Source: *China Statistical Yearbook*, various years

Despite a focus on the domestic economy by choice and under pressure from developed economies, international trade will continue to be an important driver of the Chinese economy. The removal of trade restrictions in the 1980s and further liberalization of the trade sector in the 1990's culminated with the WTO membership in 2001. A quick look at the rate at which China has decreased its tariff barrier (Table 1) is a sign of China's commitment to its policy of openness. From as high as 42.9% in the 1980s and early 1990s, it is now less than 10%. This is lower than any other large developing economy (BRIC). In terms of non-tariff barriers (NTBs), significant efforts were made to liberalize trading rights and removing quotas, licenses, specific tendering arrangements and price controls, such that its border barriers were reduced to Southeast Asian levels.²

¹ National Bureau of Statistics, http://www.stats.gov.cn/english/newsandcomingevents/t20100121_402615502.htm

² Erixon, et. al. 2008

No observer can deny the speed and depth of the trade liberalization process that China has been engaged in over the last 40 years. Nevertheless, opportunities for further improvements remain. As the volume and number of players in the trading scene increase, so will the complexity of transactions. To ensure the trade engine is functioning smoothly, trade facilitation, with its “... focus on rationalizing procedures ... (and) ... a need for policy makers to look beyond at-the-border trade procedures and into regulations affecting existing and potential importers and exporters within the broader domestic business environment”³ becomes imperative.

Table 1. China: Simple Applied Average Tariffs (%)

	All products	Agricultural	Industrial
1992	42.9	36.2	44.9
1993	39.9	33.3	41.8
1994	36.3	32.1	37.6
1996	23.6	25.4	23.1
1997	17.6	17.9	17.5
1998	17.5	17.9	17.4
2001	15.6	23.2	14.3
2002	12.2	17.9	11.1
2003	11.1	16.3	10.1
2004	10.2	15	9.3
2005	9.7	14.6	8.9
2007	9.7	14.5	8.8

Source: lanchovichina and Martin, 2001; Trade Policy Review, 2006, 2008

II. Trade Facilitation in China

Trade facilitation is defined by the WTO as “the simplification and harmonization of international trade procedures” covering the “activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade”.⁴ In an age of international production networks and the globalization of markets, the behind-the-border (BtB) activities could increase the cost of goods between 2 and 15%.⁵ On the other hand, Duval and Utoktham (2009) found that a 5% decrease in the cost of imports in the importing country can increase bilateral import by 1.5% while a similar reduction in the cost of exporting can increase bilateral exports by 4.2%. Wilson (2007) found that a 10% reduction in the time at the border of the importer can increase trade by 6.3%, while a 10% reduction in the number of documents required by the importer could generate an 11.1% increase in trade. Similar studies by others further confirm this relationship.⁶ More generally, the benefit

³ Duval and Utoktham (2009), p.2.

⁴ OECD (2005), p. 2

⁵ Ibid

⁶ See Appendix 1 for other studies and key findings.

of reforms in trade facilitation has outweighed the cost and is often characterized by a relatively short term payback period (Engman, 2005).

Reducing and streamlining the BtB activities need not be similar across countries, as specific circumstances, needs and capacities of individual implementing countries should be taken into account. Nevertheless, simplifying and standardizing border procedures, assessing and managing the risks of border control violation more efficiently, and closer co-operation among Customs authorities are considered to be trade facilitation measures that can result in significant reduction in the cost of doing international trade.

Trade facilitation in China is not as severe as some of the other large emerging economies. A snap-shot of China's position in the World Bank's Doing Business 2010 ranking is testimony to this fact. In 2010, China moved 5 positions up to 44 in the Trading Across Borders category. More specifically, the documents involved, time and costs in most cases were better or equivalent to the East Asia & Pacific average. See Table 2. Comparing the relative time and costs over the period of the World Bank study seem to indicate that China has reached a saturation level i.e. number of documents and time to import and export has remained stagnant since 2007.⁷ See Table 3. However, a comparison with the leader of the rankings (Singapore) shows the potential for improvements, particularly in the time involved in BtB activities.

Another World Bank study that provides some indications of TF in China (and worldwide) is the Logistical Performance Index (LPI). This index is based on surveys conducted among logistics professionals and "provides a comprehensive picture of supply chain performance—from customs procedures, logistics costs, and infrastructure quality to the ability to track and trace shipments, timeliness in reaching destination, and the competence of the domestic logistics industry".⁸

Table 2. Trading Across Borders 2010 : China

Indicator	China	East Asia & Pacific	OECD Average
Documents to export(number)	7	6.7	4.3
Time to export(days)	21	23.1	10.5
Cost to export(US\$ per container)	500	909.3	1,089.70
Documents to import(number)	5	7.1	4.9
Time to import(days)	24	24.3	11
Cost to import(US\$ per container)	545	952.8	1,145.90

Source: World Bank (2010), *Doing Business 2010*, www.worldbank.org.

⁷ Although the cost to export and import show an upward trend, this may be due to the general increase in price levels rather than an increase in costs.

⁸ World Bank (2010), *Connecting to Compete 2010: Trade Logistics in the Global Economy*, www.worldbank.org

Table 3: Trading across Borders, 2006-2010

Year		2006	2007	2008	2009	2010
Ease of Doing Business Rank					86	89
Trading Across Border	Rank				49	44
	Documents to export(number)	6	7	7	7	7
	Time to Export(days)	18	21	21	21	21
	Cost to export(US\$ per container)	335	390	390	460	500
	Documents to import(number)	11	6	6	6	6
	Time to import(days)	24	24	24	24	24
	Cost to import (US\$ per container)	375	430	430	545	545

Source: World Bank (2010), *Doing Business 2010*, www.worldbank.org.

Table 4 reports the performance of China vis-à-vis other selected countries. On the whole, China's performance is below the regional average (3.31 compared to 2.58) with the worst performance in customs procedures. The scores are not significantly different from Malaysia and Thailand but marginally better than other large emerging economies like India and Indonesia. Previous surveys of LPI (2007) as shown in Table 5 provide further confirmation that the bottleneck seems to be in customs procedures. In particular, respondents raised issues concerning the transparency of customs clearance where only about a third agreed that such activities are transparent. In addition, the quality of service provided by customs brokers, transport associations and shipping agencies are also considered low. However, a majority of those surveyed agreed that improvements have been made since 2005 with regards to the clearance procedures of the China Customs.

Table 4: Logistics Performance Index (LPI)

country	LPI	Customs	Infrastructure	International shipment	Logistics quality & competence	Tracking & tracing	Timeliness
Malaysia	3.44	3.11	3.5	3.5	3.34	3.32	3.86
Thailand	3.29	3.02	3.16	3.27	3.16	3.41	3.73
China	3.49	3.16	3.54	3.31	3.49	3.55	3.91
Vietnam	2.96	2.68	2.56	3.04	2.89	3.1	3.44
Indonesia	2.76	2.43	2.54	2.82	2.47	2.77	3.46
India	3.12	2.7	2.91	3.13	3.16	3.14	3.61
Sri Lanka	2.29	1.96	1.88	2.48	2.09	2.23	2.98
Cambodia	2.37	2.28	2.12	2.19	2.29	2.5	2.84
Bangladesh	2.74	2.33	2.49	2.99	2.44	2.64	3.46
Nepal	2.2	2.07	1.8	2.21	2.07	2.26	2.74

Note: 1-very low; 5-very high

Source: World Bank (2010), *connecting to compete 2010: Trade Logistics in the Global Economy*

In an earlier ARTNeT study by Chen and Li (2006) on trade facilitation in China, the private sector listed three most important areas for improvement, namely: 1) the elimination of bribery and other corrupt practices of officials involved at the clearance and release of imported goods; 2) the completion of clearance of goods before they have arrived physically in the Customs territory; and 3) the improvement of coordination between relevant agencies, particularly on document requirements. The problems faced behind-the-border differs in some way between foreign firms and local firms. Greene and Tsai (2008) found that clear and transparent rules for customs procedures, predictable and impartial procedures as well as pressures for illegal payments were more of an issue for foreign (OECD) firms than their local counterparts.

Table 5: LPI China – Survey Results

Level of Fees and Charges	
Based on your experience in international logistics, please select the options that best describe the operational logistics environment in your country of work	Percent of respondents answering high/very high
	China
Port charges are	38.10%
Airport charges are	23.81%
Road transport rates are	23.81%
Rail transport rates are	16.67%
Warehousing/transloading charges are	20%
Agent fees are	33.33%
Quality of Infrastructure	
Evaluate the quality of trade and transport related infrastructure (e.g. ports, roads, airports, information technology) in your country of work	Percent of respondents answering low/very low
	China
Ports	0
Airports	4.76%
Roads	31.82%
Rail	55.00%
Warehousing/transloading facilities	33.33%
Telecommunications and IT	31.82%
Competence and Quality of Services	
Evaluate the competence and quality of service delivered by the following in your country of work	Percent of respondents answering high/very high
	China
Road	19.05%
Rail	14.29%
Air transport	42.86%
Maritime transport	52.38%

Warehousing/transloading and distribution	19.05%
Freight forwarders	47.62%
Customs agencies	23.53%
Quality/standards inspection agencies	14.29%
Health/SPS agencies	14.29%
Customs brokers	9.52%
Trade and transport associations	9.52%
Consignees or shippers	9.52%
Efficiency of Processes	
Evaluate the efficiency of the following processes in your country of work	Percent of respondents answering often or nearly always efficient
	China
Clearance and delivery of imports	57.14%
Clearance and delivery of exports	76.19%
Transparency of customs clearance	35.29%
Provision of adequate and timely information on regulatory changes	28.57%
Expedited customs clearance for traders with high compliance levels	29.41%
Sources of Major Delays	
How often in your country of work, you experience	Percent of respondents answering often or nearly always
	China
Compulsory warehousing/transloading	0
Pre-shipment inspection	5.26%
Maritime transshipment	5.26%
Criminal activities (e.g., stolen cargo)	0
Solicitation of informal payments	6.67%
Changes in the Logistics Environment Since 2005	
Since 2005, have the following factors improved or worsened in your country of work	Percent of respondents answering improved or much improved
	China
Customs clearance procedures	68.42%
Other official clearance procedures	52.63%
Trade and transport infrastructure	84.21%
Telecommunications and IT infrastructure	78.95%
Private logistics services	83.33%
Regulation related to logistics	68.42%
Incidence of corruption	33.33%

Source: World Bank (2007), *Connecting to Compete 2007: Trade Logistics in the Global Economy*

On the part of China Customs, there have been continuous improvements in clearance procedures as well as pilot projects on the use of ICT to speed up and standardize the relevant procedures. These include a paperless customs clearance; one declaration, one inspection and one clearance process to facilitate the movement of goods between inland cities and ports; e-customs which facilitates networking among national customs authorities; and the e-ports project which promotes the data exchange and joint inspection of various government departments.⁹

III. Trade Facilitation in China- A Business Process Analysis (BPA)

Previous research on trade facilitation in China has taken a macro and/or a survey based approach. The objective of the current study is to drop one level lower to evaluate in detail the processes involved in the export and import of goods. By employing the BPA methodology¹⁰, one is able to trace all the steps and procedures involved in the process and consider the time and cost involved in each one of these steps. The BPA is carried out using a case study approach which allows for an in-depth analysis of the process and challenges faced by firms behind the border. In this way, the researcher is able to “follow” goods and documents from one stakeholder to another i.e. from the warehouse of the exporter to the warehouse of the importer. On completion of the mapping of the trade process, one is then able to identify areas where bottlenecks and duplication occur and propose possible solutions.

The project identified 4 products and two countries for the in-depth analysis. To map export procedures, the project will focus on garment and electronic exports to Japan and Thailand, while for imports, textiles and automobile parts from Japan has been the focus of analysis.

The choice of the 4 product categories is meaningful vis-à-vis Japan. Table 6 shows that Japan is the leading export destination of China’s garments. Since 2005, Japan has also been the leading source of textiles import (Table 7). Table 8 shows that in 2008, Japan accounted for more than 40% of China’s imports of automotive products, and has accounted for more than a third since 2005. In the case of electronics, Thailand is a fairly important export destination in Southeast Asia for Chinese electronics goods (Table 9). The inclusion of Thailand into the project is due to the recent establishment of the China-ASEAN FTA which came into effect on 1st January 2010.

A total of 4 case studies were carried out in this project. This was to ensure that information collected for the mapping process was from at least 2 companies for each trade direction. The companies differ such that we have a combination of large and small exporters/importers. A summary of the companies interviewed for this project is provided in Table 10.

⁹ http://www.unescap.org/tid/artnet/mtg/consult2_s4china.pdf;

http://www.cfea.org.cn/news/down.asp?upfile=73229122008105014_1.DOC&upname=%BD%B9%BD%A8%C8%BA%B7%A2%D1%D4%B8%E5-%D3%A21201.doc

¹⁰ See UNESCAP (2009), Business Process Analysis Guide to Simplify Trade Procedures, for further details.

Table 6. Top 5 Garments Export Destination of China

2005	Japan	USA	Hong Kong SAR	Germany	Russia
	21.48%	17.79%	9.73%	4.16%	3.99%
2006	Japan	USA	Hong Kong SAR	Romania	Germany
	17.12%	16.01%	9.78%	5.60%	3.68%
2007	USA	Japan	Hong Kong SAR	Russia	Germany
	15.36%	14.62%	8.19%	7.77%	4.02%
2008	Japan	USA	Hong Kong SAR	Germany	Russia
	15.02%	14.47%	6.47%	5.21%	4.71%
2009	USA	Japan	Hong Kong SAR	Germany	United Kingdom
	17.98%	16.72%	6.69%	5.81%	4.29%

Source : UN comtrade

Table 7. Top 5 Sources of Textiles Imports

Import of textile (HS code 50-60, 57 not included)					
2005	Japan	Rep. of Korea	USA	Australia	Hong Kong SAR
	16.42%	12.69%	9.53%	6.12%	0.05%
2006	Japan	USA	Rep. of Korea	Australia	Hong Kong SAR
	14.53%	12.39%	10.85%	5.69%	4.87%
2007	Japan	Rep. of Korea	USA	Australia	Hong Kong SAR
	14.72%	10.89%	10.18%	7.07%	4.78%
2008	Japan	USA	Rep. of Korea	Australia	India
	15.32%	11.23%	10.50%	6.57%	5.25%
2009	Japan	Rep. of Korea	USA	Australia	Pakistan
	15.19%	10.76%	8.38%	6.26%	4.69%

Source: UN Comtrade

Table 8: Automotive Products – China's Main Import Sources

2005	Japan	Germany	Rep. of Korea	Other Asia	France	Sweden	Australia	Canada	Brazil	Italy
	37.85%	26.02%	18.61%	3.06%	2.97%	2.37%	1.42%	1.14%	0.66%	0.61%
2006	Japan	Germany	Rep. of Korea	France	Other Asia	Sweden	Slovakia	Mexico	Canada	Austria
	34.57%	33.50%	13.77%	3.74%	2.08%	2.05%	1.38%	1.29%	1.21%	0.96%
2007	Japan	Germany	Rep. of Korea	Slovakia	France	Sweden	Other Asia	Mexico	Canada	Austria
	37.96%	33.52%	10.65%	2.97%	2.88%	2.13%	1.33%	1.08%	1.06%	0.98%
2008	Japan	Germany	Rep. of Korea	Slovakia	France	Sweden	Austria	Other Asia	Italy	Mexico
	41.06%	34.26%	8.78%	3.26%	1.92%	1.78%	1.02%	0.98%	0.87%	0.85%

Source: UN Comtrade

**Table 9: China's Exports of Electronics to Southeast Asia,
proportion of total exports**

Export of electronics				
	2005	2006	2007	2008
Thailand	0.98%	0.98%	0.88%	0.90%
Malaysia	1.53%	1.51%	1.61%	1.50%
Indonesia	0.66%	0.64%	0.71%	0.93%
Philippines	0.86%	0.76%	0.73%	0.72%
Viet Nam	0.21%	0.29%	0.47%	0.57%
Singapore	3.86%	4.25%	3.48%	2.97%

Source: UN Comtrade

Table 10. Case Studies

Trade Direction	Products	Japan	Thailand
Exports	Garments	Company X	
	Electronics		Company M
Imports	Automotive Parts	Company P	
	Textiles	Company X	

A brief profile of the companies is provided below:

Company M is China's leading electronic appliance company, based in the southern Guangdong Province. Its main products are air-conditioners, refrigerators, microwaves, and so on. The company owns the largest and most complete industry chains of air-conditions, microwaves, washing machines, and refrigerators in China. In mid- 2009, the top 10 largest shareholders own 58.7% of the total shares with a majority being funds including a well-known US university. The net profit in the first 3 quarters of 2009 was nearly 405 million RMB. Revenue from international markets makes up more than a third of its total revenue. The company now exports its products with own brand in Asia and Europe but is only an OEM in the US market. It is a main supplier of K-Mart, Home-Depot and Sears. In 2007, the company opened its first overseas base in Vietnam. For the purpose of this study, we will evaluate the company's exports to Thailand.

Company X is a garment company located in Pinghu city, Zhejiang province. Established in 1997, its main products are casual suits and sporting garments. The current export volume is above USD 6 million, mainly to Japan, America and Europe. The company employs more than 2800 people and over 3000 sets of equipments. It has a production capacity exceeding 6 million pieces. The company has the ISO 14000 and ISO 9000 accreditation and was awarded as the "National top 500 private enterprises". For the purpose of this study, the company's export of garments and the imports of textiles to and from Japan are considered.

Company P is an automobile parts producer located in YangZhou city, JiangSu province. Established in 1993, its main products are power metal mechanical parts. The company is a joint

venture between a Chinese power metal company and a Taiwanese group. Currently, Company P is a leading company of power metal parts in China. The annual sales are about RMB 800 million. Its main customers are automobile OEMs and first tier components providers, such as Ford, VW, Magna etc. The company has the ISO 14000, ISO 9000 and TS 16949 accreditation and was awarded the “National Top Hi-tech Enterprise”. For the purpose of this study, the company’s import from Japan is considered.

In addition to the 4 cases, the verification of the trade process maps was discussed with a forwarding agency and a customs broker.

A. Export Process Analysis for Selected Products

1. Export of Garments to Japan

In 2008, Japan was the destination of nearly 15% of total textile and garment exports of China. Being a developed market, Japan is obviously an attractive destination for small and large Chinese enterprises. For the purpose of this project, we examined the export process of a medium sized company, Company X. The company has been exporting to Japan since 1992, and on average exports 1000 20-foot container load worth of garments to Japan every year.

The complete process of exporting is mapped out using the BPA methodology and shown in Appendix 2. The process involves 9 distinct steps:

1. *Buy: This process involves the negotiations between Company X and its Japanese client. The steps involve negotiation of price and payment term (e.g. CIF or FOB). Upon acceptance by both parties, the sample garment is confirmed and a purchasing contract is signed. The entire process could be done electronically, and there is no fee as such in this process. Due to the long-term relationship that Company X has with its Japanese client, the process takes no more than a day. From the time the contract is signed to the preparation of the shipment of goods, it may take 1-6 months, depending on the volume of the shipment, complexity, etc.*
2. *Arrange Transport: When the order is close to completion, shipping arrangements need to be confirmed. The company uses a customs broker to liaise with the shipping company. It provides the broker with some basic information like destination, quantity, date of shipment etc. When the suitable vessel has been found, the broker makes the booking request and confirms the shipping details and shipping cost. Finally, a shipping order is issued. The fee charged by the broker including arranging transport, inland transport, customs documentation fee etc. is between RMB2000-3000. A higher range fee may be charged during peak periods and/or if the shipment is subject to extensive inspections etc. The entire process takes between 2-3 days, depending on the availability of the vessel. Communications are electronic.*
3. *Arrange for Inspection: Company X now needs to request for an inspection of its garments by the local Entry-Exit Inspection and Quarantine Bureau (or Commercial Inspection Bureau). The inspection focuses on issues like quality, safety, toxicity of goods etc. Eight documents need to be provided, following which an inspection schedule is confirmed. Among the documents is a customs declaration form that is downloaded online which must be filled up by Company X (or the customs broker based on the information provided by the company). The approval of the customs declaration form is also done online. This must then be printed for the inspection. The*

export registry book (or referred to as the blue book) records all input that has been imported and utilized for the manufacture of the export shipment. Since the importation of input for export purposes is duty free, the company needs to show that all imported input has been utilized to produce final goods for export. Any surplus in imported inputs would either be charged the prevailing duty or confiscated by the customs department at the end of the specified period. The components card comprises of a sample of all input (fabric, buttons, zippers etc) that has been used in the manufacture of the exported shipment. A copy of the Letter of Credit (LC) is also provided if the nature of payment is through an LC. For orders from long term clients, telegraphic transfers could also be used. This may take up to 2 days, although the inspection itself is done within half a day. The inspection is done randomly (i.e. there are times when approval is given without inspection) and a fee of 0.15% of total goods value is charged. A certificate of commodity inspection is issued and the customs declaration form is stamped by the local inspection bureau.

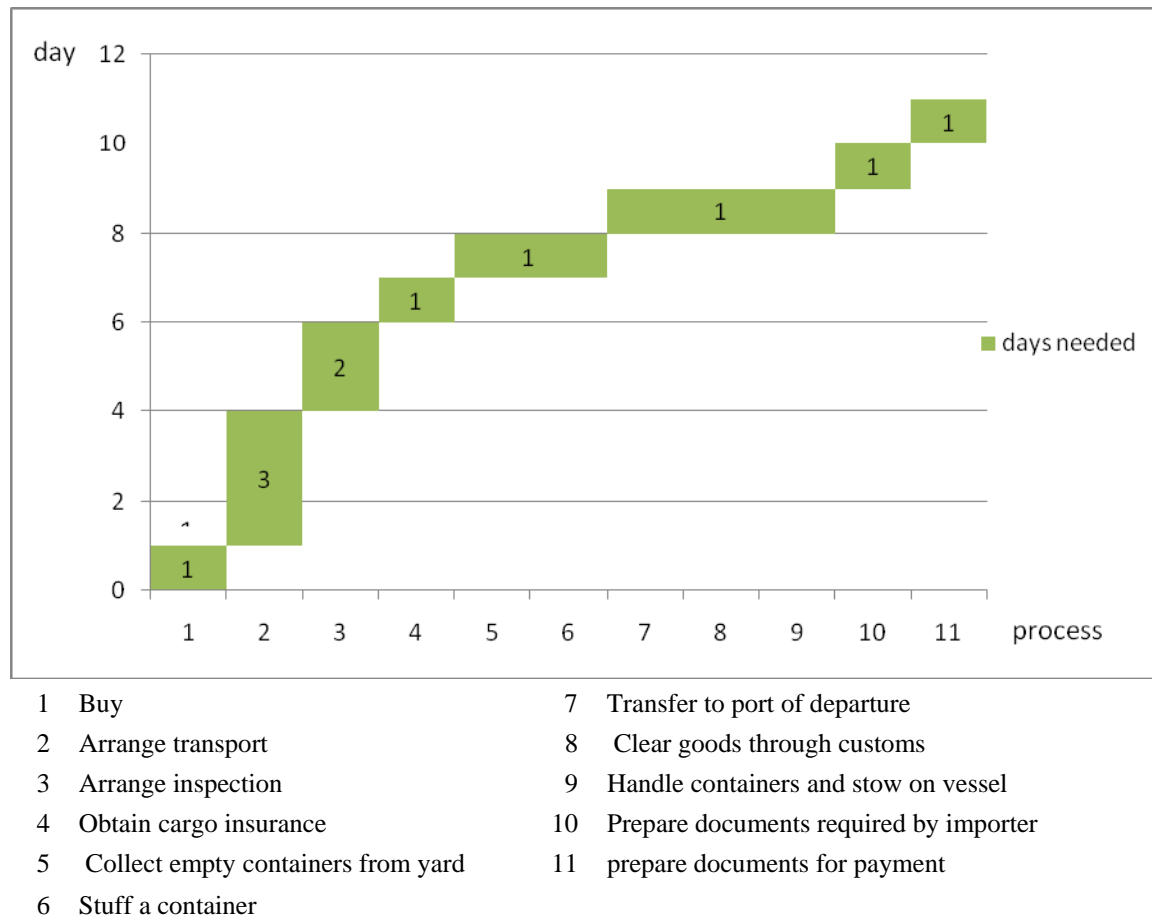
4. *Obtain Cargo Insurance: Information regarding the market value of goods and shipping information is provided so that insurance cover can be secured. The premium ranges between 0.3 – 0.5% of sum insured. This process is done within a day. The company has a long term relationship with the insurance agent, and so the insurance covers all shipment over one year, rather than on a per shipment basis.*
5. *Collect Empty Container from Yard: On the day that the goods are to be loaded into the container, the customs broker will instruct the internal transportation company to pick the container from the yard. The shipping company is informed and the assigned container is made available to the internal transportation company.*
6. *Stuff the container: Goods are loaded on to the container within a day.*
7. *Transportation to Port of Departure: The sealed container is transported to the port, and checked by the shipping company at the entrance to the port. Company X uses the Shanghai port, which is about 1-1.5 hours away from the warehouse. The container is docked at the required site for inspection.*
8. *Customs Inspection and Clearance: The container undergoes scanning, and upon the request of the customs officers, the container is opened for scrutiny. Having cleared this process, the relevant documents are verified. In addition to the documents explained earlier, Company X must issue a letter entrusting the customs broker to act on its behalf. If the inspection and documents are approved, a green light note is issued. This process takes not more than one day.*
9. *Container Handling: The green light note is then passed to the shipping company or its agent who will then make a plan on where the container will be stowed. The port authority will then stow the container according to this plan.*
10. *Prepare Documents for Importer: Upon the receipt of the Bill of Lading, together with the Commercial Invoice and Finished Goods Inspection Certificate (by 3rd Party, or sometimes by Company X), the documents are mailed to the Japanese client.*
11. *Pay: All documents required in the LC – Invoice, Packing List, Bill of Lading etc. – are submitted to the Bank. The Bank charges the company 0.1% of the LC amount as charges. Collecting all necessary documents for the payment application takes less than a day but it may take up to 15 days to receive payment from the Bank.*

Table 11. Exporting Garments to Japan – Company X

Major Steps	Documents	Actors	Days
Buy	<ul style="list-style-type: none"> Sales contract 	<ul style="list-style-type: none"> Importer and Exporter 	1
Arrange transport	<ul style="list-style-type: none"> Shipping Order 	<ul style="list-style-type: none"> Exporter Shipping Company Customs Broker (报关行) 	3
Arrange Inspection	<ul style="list-style-type: none"> Commercial Invoice Customs declaration Export Register Book Components card Packing List Letter of Credit Wash label Sales Contract 	<ul style="list-style-type: none"> Exporter Commodity Inspection Bureau(进出口商品检验局) 	2
Obtain cargo insurance	<ul style="list-style-type: none"> Commercial Invoice 	<ul style="list-style-type: none"> Exporter Insurance Company 	1
Collect empty containers from yard	<ul style="list-style-type: none"> Shipping Order 	<ul style="list-style-type: none"> Exporter Shipping Company, Transportation company Customs Broker 	1
Stuff containers	<ul style="list-style-type: none"> Packing List 	<ul style="list-style-type: none"> Exporter Transportation company 	
Transfer to port of departure	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Transportation company Shipping Company 	1
Clear goods through customs	<ul style="list-style-type: none"> Commercial Invoice Exporter Register Book Customs declaration Certificate of commodity inspection Packing List Declaration Certificate of Entrustment 	<ul style="list-style-type: none"> Customs Broker Shipping Company Customs Department 	
Handle containers and stow on vessel	<ul style="list-style-type: none"> Dock Receipt Bill of Lading 	<ul style="list-style-type: none"> Customs Department Customs Broker Shipping company Port Authority (港务局) 	
Prepare documents for importer	<ul style="list-style-type: none"> Commercial Invoice Bill of Lading Goods Inspection Result 	<ul style="list-style-type: none"> Exporter 	1
Prepare documents for payment	<ul style="list-style-type: none"> Commercial Invoice Bill of Lading Packing List Letter of Credit 	<ul style="list-style-type: none"> Exporter Importer Exporter's bank Importer's bank 	1

The processes, actors and documents involved are shown in Table 11. Figure 2 summarizes the number of days each process takes. Company X spends a total of 10 days for the trade facilitation process (not including one day for finalizing contracts). It takes about 15 days for payment to be received. A total of 15 documents are required, and a cost between RMB 2000-3000 is incurred (not including shipping cost).

Figure2: The Time-procedure Chart of Garments from China



2. Export of Electronic Products to Thailand

Although China only exports only less than 1% of its electronic products to Thailand, for the purpose of this project, we consider the export activities of a large Chinese electronic manufacturer, Company M. The company exports its own brand name product to Thailand. It must be noted here that Thailand is not one of Company M's significant market, and so sometimes the company uses a freight forwarder or customs broker to handle customs issues. A complete process of this export activity is shown in Appendix 3.

The following are the processes involved in the exports of electronics to Thailand:

1. *Buy: The client places an order via email which is then entered into Company M's E-system. A pro-forma invoice is provided to the client. Once the order is approved by the relevant managers,*

the manufacturing process starts. Alternatively, if stocks are available, the goods are ready to be shipped. The entire process can take 2-3 days.

- 2. Export Permit: The Company applies for the export permit online. It provides the necessary information (destination port, unit numbers, gross weight etc.) and a permit is issued when approved. Company M claims that it may take between 4 to 7 days for this process. Since the company is large exporter, the inspection of goods takes place even before manufacture is complete. For mature products, the inspection is done once in 3-4 months by the Commodity Inspection Bureau, while for new products inspection is done once every 1-2 months. Officers from the Bureau will randomly select some products for quality and safety inspection, either at the company's premises or the Bureau's laboratories. Thus, the inspection is not based the order, rather one that is done randomly.*
- 3. Arrange Sea Transport: Booking the vessel for the export to Thailand should be done about 2-7 days in advance. This is done simultaneously with export permit application.*
- 4. Inspection by Client: In some cases, inspection of the order is required by the client. This is either done by the client's branch office in China or a third party. Inspection will take a day, and an inspection certificate is issued to the company if all requirements have been met.*
- 5. Prepare for Customs Declaration: Company M needs to prepare the packing list, shipping order, purchase order, inspection certificate, the HS Code, and the invoice.*
- 6. Collect Empty Container: The company informs the inland transportation company to collect the empty container that has been assigned by the shipping company. This is done on the same day as the stuffing and customs clearance.*
- 7. Stuff container: A packing list is provided here to ensure all goods have been stuffed.*
- 8. Transport to Port: Company M uses two ports – Shenzhen and Foshan. The choice of port depends on where the ship is berthed. For shipments to Europe and the US, this is mainly done through Shenzhen. For smaller shipments, Foshan is used. The necessary documents are handed to the inland transportation company (truck driver).*
- 9. As the company is large exporter, the customs clearance process is done within a day. The container is scanned and if required, it is required to be opened for closer scrutiny. The necessary documents are verified, and a green light note is issued, with which the container is ready to be stowed.*
- 10. Handle Container and Stow on Vessel: The green light note is then passed to the shipping company or its agent who will then make a plan on where the container will be stowed. The port authority will then stow the container according to this plan.*
- 11. Obtain Cargo Insurance: Insurance is applied online. Payment for insurance cover is done every six months.*
- 12. Prepare Documents for Client: Among the documents prepared for the client is the Verification certificate which is a copy of the Electric Products Safety Certificate issued by various third party certification authorities including TRS of Thailand. These certificates are applied for the whole range of products. A copy of the certificate is provided for the client when required.*

13. *Prepare Documents for Payment: The necessary documents are prepared to be submitted to the Exporter's Bank for payment collection. This process does not take more than 0.5 days.*

14. *Pay: The client will pay Company M according to the contract.*

The processes, actors and documents involved in the export of electronic products by Company M are shown in Table 12. Figure 3 summarizes the number of days each process takes. Company M spends on average a total of 16.5 days for the trade facilitation process (not including the time spent on finalizing contracts and payment period). The time take to receive payment for goods exported depends on the contract and credit terms. A total of 17 documents are required, and RMB 2000-3000¹¹ per container shipment is incurred (not including shipping cost).

B. Import Process Analysis for Selected Products

1. Import of Fabric/ Accessories and Automobile Components from Japan

As the processes for the imports of textiles and auto components appear to be mainly similar, we provide a single explanation for the two case studies. In 2008, Japan accounted for nearly 15% of China's total imports of textiles. In order to analyze the import procedures of fabric and accessories in the garment industry, we relied on the information provided by Company X since it imports significant input from Japan. In particular, the company sources fabric and accessories like zippers from Japanese suppliers.

As for automobile parts and components, Japan continues to be an important source of import. In 2008, China imported more than 40% of auto parts and components from Japan. To analyse the import procedures, we chose Company P, a Chinese-Taiwanese JV as our case study.

The detailed steps involved in the importing procedures of textiles and auto parts are in Appendix 4 and 5 respectively. The import process involves 6 distinct steps:

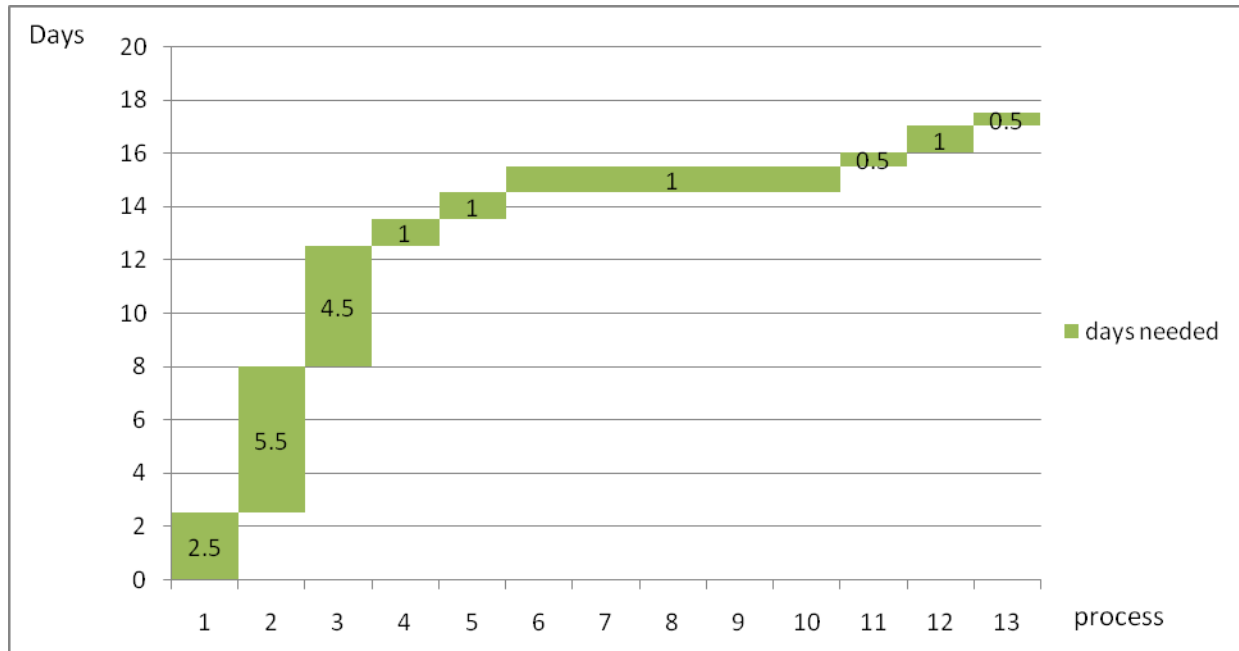
Table 12. Exporting Electronic Products to Thailand – Company M

Major Steps	Documents	Actors	Days
Buy	<ul style="list-style-type: none">Pro-forma invoiceSales Contract	<ul style="list-style-type: none">Importer and Exporter	2.5
Obtain export permit	<ul style="list-style-type: none">Export Permit	<ul style="list-style-type: none">ExporterCommodity Inspection Bureau(进出口商品检验局)	5.5
Arrange transport	<ul style="list-style-type: none">Shipping Order	<ul style="list-style-type: none">ExporterShipping Company	4.5

¹¹ At exchange rate USD 1 = RMB 6.8264, the amount ranges from USD 293 – 440 per container shipment.

Arrange inspection	<ul style="list-style-type: none"> • Commercial Invoice • Customs declaration • Export Register Book • Packing List • Sales Contract 	<ul style="list-style-type: none"> • Exporter • Importer • Private inspection institute or client's branch in China 	1
Prepare customs declaration	<ul style="list-style-type: none"> • Packing List • Shipping Order • Purchase Order • Inspection Certificate • Sales Contract • Commercial Invoice 	<ul style="list-style-type: none"> • Exporter 	1
Collect empty containers from yard	<ul style="list-style-type: none"> • Shipping Order • Packing List 	<ul style="list-style-type: none"> • Exporter • Transportation Company • Shipping Company 	1
Stuff a container	<ul style="list-style-type: none"> • Packing List 	<ul style="list-style-type: none"> • Exporter • Transportation Company 	
Transfer to port of departure		<ul style="list-style-type: none"> • Exporter • Transportation Company 	
Clear goods through customs	<ul style="list-style-type: none"> • Commercial Invoice • Export Register Book • Customs declaration • Inspection Certificate • Packing List • Sales Contract • Shipping Order • HS code 	<ul style="list-style-type: none"> • Transportation Company • Exporter • Shipping Company • Customs Department 	
Handle containers and stow on vessel	<ul style="list-style-type: none"> • Dock Receipt • Bill of Lading 	<ul style="list-style-type: none"> • Customs Department • Shipping company • Port Authority (港务局) 	
Obtain cargo insurance	<ul style="list-style-type: none"> • Commercial Invoice 	<ul style="list-style-type: none"> • Exporter • Insurance company 	0.5
Prepare documents for payment	<ul style="list-style-type: none"> • Bill of Lading • Commercial Invoice 	<ul style="list-style-type: none"> • Exporter • Importer • Exporter's bank • Importer's bank 	0.5
Pay		<ul style="list-style-type: none"> • Exporter • Importer • Exporter's bank • Importer's bank 	Based on contract

Figure 3: The Time-procedure Chart of Electronic Appliances from China



- | | |
|--------------------------------------|---|
| 1 Buy | 8 Transport to port of departure |
| 2 Obtain export permit | 9 Clear goods through customs |
| 3 Arrange transport | 10 Handle containers and stow on vessel |
| 4 Arrange inspection | 11 Obtain cargo insurance |
| 5 prepare customs declaration | 12 Prepare documents required by importer |
| 6 Collect empty containers from yard | 13 prepare documents for payment |
| 7 Stuff a container | |

1. *Buy - The process of finalizing the order takes place within a day for both companies. Upon confirming the terms of the contract as well as the sample, a sales contract is drawn up. The Japanese seller will then get the goods ready for shipment.*
2. *Obtain import permit – Based on the information in the purchasing order and the OEM contract, the company fills an online application form for the Customs Department and the Committee of Foreign Trade and Economic Cooperation (CFTEC). The Customs Department will take 2-3 days to verify the information for an online approval. The online approval is printed for a verification stamp by CFTEC, which can be done in half a day. The stamped certificate is passed to the State Administration of Taxation for final stamping.*
3. *Documents preparation - The exporter will need to send 7 documents to importing company (Company X and P in our case). These include the Bill of Materials, Bill of Lading, the Purchase Order, the invoice, the packing list and a certificate of non-wood packing. These documents, plus the registry book (as explained earlier), a declaration of entrustment and an entrustment declaration for commodity inspection, are then handed over to the customs broker/freight forwarder. The preparation of these additional certificates will take the company 0.5 day.*
4. *Switching of Delivery Order – The customs broker switches the Bill of Lading with a Delivery Order issued by the shipping company. The shipping company charges about RMB200 per Bill of Lading. This is a quick process as no government agency is involved.*

5. *Inspection of Goods* – The customs broker makes an application for customs clearance on behalf of the company. Inspection by the Commodity Inspection Bureau is random. If the goods are approved without inspection, the process can be done in half a day. If however, an inspection is required, the process can take between 1 – 5 days (the higher end for auto products). The fee charged for the inspection is 0.15% of the value stated in the invoice. However, Company P reports that an import duty of 8 – 10% may be charged.
6. *Clear goods through Customs* – The inspection certificate together with the declaration of entrustment and the registry book are then forwarded to the Customs Department for customs clearance. The clearance can be done in 0.5 day.
7. *Transport from dock to warehouse* – The certificate of customs clearance, the delivery order and the packing list is required for the transportation company to get the goods out of the port.
8. *Pay* – payment for the imported goods are paid according to the contract. Since both Company X and P have long term relationships with the Japanese source, payments can be made on a regular basis rather than per shipment. It should also be noted that if the consignment is based on an OEM contract, there is no payment that the company makes to the exporter. If there is a need to prepare documents for the payment procedures, both Company P and X spend about half a day for this repetitive process.

The processes, actors and documents involved in the import of textiles and auto parts from Japan are shown in Tables 13 and 14 respectively. Figures 4 and 5 summarize the number of days each process takes. It takes an average of 9.25 and 12 for companies X and P respectively for the trade facilitation process (not including the waiting period for payment to be made). A total of 13 documents are required, and between USD 293 - 440 (RMB 2000-3000) is incurred (not including shipping cost).

Figure 4: The Time-procedure Chart of Textile Import from Japan

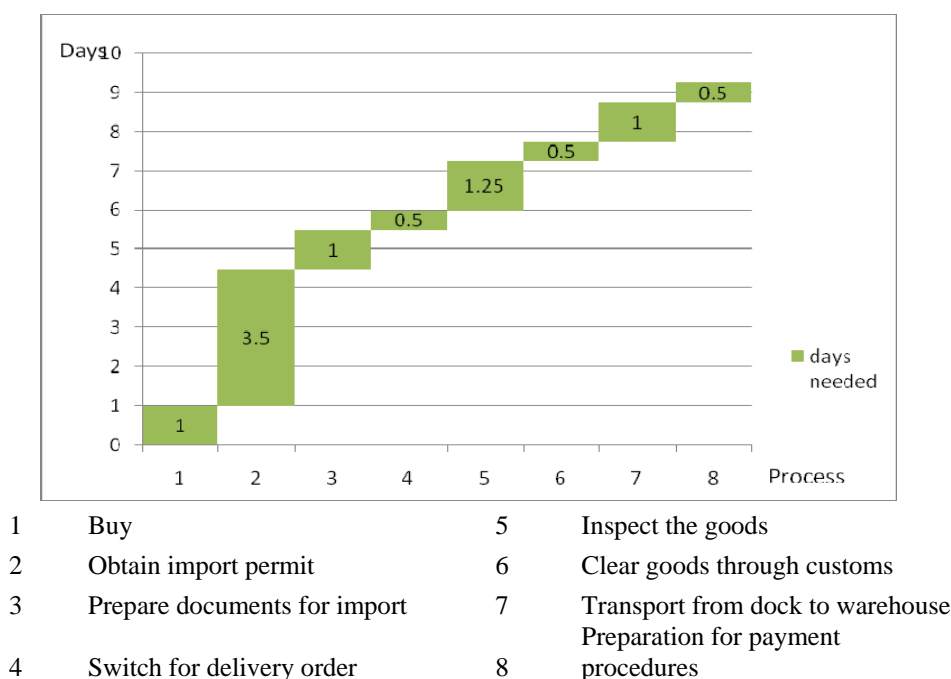


Table 13. Importing Textile from Japan – Company X

Major Steps	Documents	Actors	Days
Buy	<ul style="list-style-type: none"> • Purchase Order 	<ul style="list-style-type: none"> • Importer and Exporter 	1
Obtain import permit	<ul style="list-style-type: none"> • Purchase Order • OEM Contract • Import Permit 	<ul style="list-style-type: none"> • Importer • Customs Department • Committee of Foreign Trade and Economic Cooperation(对外贸易经济合作局) • State Administration of Taxation (国家税务局) 	3.5
Prepare documents for import	<ul style="list-style-type: none"> • Bill of Material • OEM Contract • Purchase Order • Commercial Invoice • Packing List • Bill of Lading • Export Register Book • Packing List • Certificate of non-wood packing • Declaration certificate of entrustment • Commodity inspection of entrustment • Import Permit 	<ul style="list-style-type: none"> • Import • Export • Customs Broker/Freight Forwarder (报关行/货代) 	1
Switch for Delivery Order	<ul style="list-style-type: none"> • Bill of Lading • Delivery Order 	<ul style="list-style-type: none"> • Shipping Company • Customs Broker/Freight Forwarder 	0.5
Inspect the goods	<ul style="list-style-type: none"> • Commercial Invoice • Customs declaration • Export Register Book • Packing List • Bill of Lading • Certificate of non-wood packing • Declaration certificate of entrustment • Entrustment for Commodity inspection • Delivery Order 	<ul style="list-style-type: none"> • Importer • Customs Broker/Freight Forwarder • Commodity Inspection Bureau 	1.25
Clear goods through customs	<ul style="list-style-type: none"> • Customs declaration • Declaration certificate of entrustment • Export Register Book • Certificate of Inspection 	<ul style="list-style-type: none"> • Importer • Customs Broker/Freight Forwarder Company • Customs Department 	0.5
Transport from dock to warehouse	<ul style="list-style-type: none"> • Delivery Order • Packing List • Customs declaration 	<ul style="list-style-type: none"> • Shipping Company • Transportation company • Customs Broker/Freight Forwarder 	1

Preparation of Payment	<ul style="list-style-type: none"> Commercial Invoice L/C OEM Contract 	<ul style="list-style-type: none"> Importer Exporter Importer's Bank Exporter's Bank 	0.5
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Figure 5: The Time-procedure Chart of Auto Parts from Japan

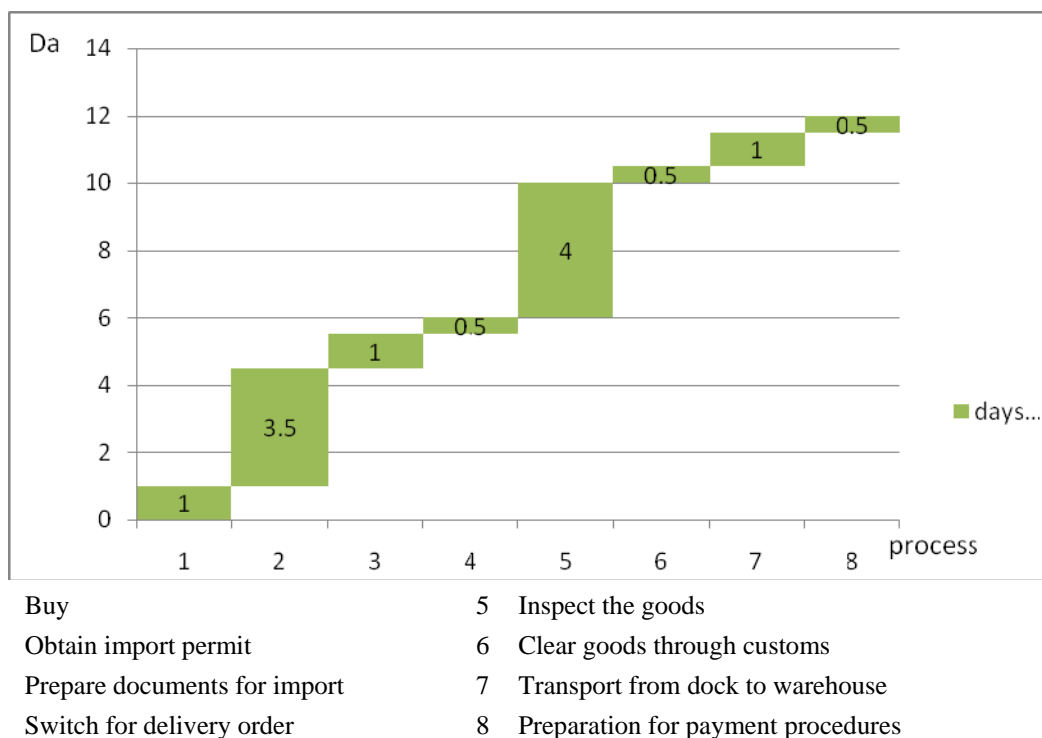


Table 14. Importing Auto parts from Japan – Company P

Major Steps	Documents	Actors	Days
Buy	<ul style="list-style-type: none"> Purchase Order 	<ul style="list-style-type: none"> Importer and Exporter 	1
Obtain import permit	<ul style="list-style-type: none"> Purchase Order OEM Contract Import Permit 	<ul style="list-style-type: none"> Importer Customs Department Committee of Foreign Trade and Economic Cooperation(对外贸易经济合作局) State Administration of Taxation (国家税务局) 	3.5
Prepare documents for import	<ul style="list-style-type: none"> Bill of Material OEM Contract Purchase Order Commercial Invoice 	<ul style="list-style-type: none"> Importer Exporter Customs Broker/Freight Forwarder (报关行/货代) 	1

	<ul style="list-style-type: none"> • Packing List • Bill of Lading • Export Register Book • Packing List • Certificate of non-wood packing • Declaration certificate of entrustment • Commodity inspection of entrustment • Import Permit 		
Switch for Delivery Order	<ul style="list-style-type: none"> • Bill of Lading • Delivery Order 	<ul style="list-style-type: none"> • Shipping Company • Customs Broker/Freight Forwarder 	0.5
Inspect the goods	<ul style="list-style-type: none"> • Commercial Invoice • Customs declaration • Export Register Book • Packing List • Bill of Lading • Certificate of non-wood packing • Declaration certificate of entrustment • Entrustment for Commodity inspection • Delivery Order 	<ul style="list-style-type: none"> • Importer • Commodity Inspection Bureau • Customs Broker/Freight Forwarder Company • Customs Department 	4
Clear goods through customs	<ul style="list-style-type: none"> • Customs declaration • Declaration certificate of entrustment • Export Register Book • Certificate of Inspection 	<ul style="list-style-type: none"> • Importer • Customs Broker/Freight Forwarder Company • Customs Department 	0.5
Transport from dock to warehouse	<ul style="list-style-type: none"> • Delivery Order • Packing List • Customs declaration 	<ul style="list-style-type: none"> • Shipping Company • Transportation company • Customs Broker/Freight Forwarder 	1
Preparation of Payment	<ul style="list-style-type: none"> • Commercial Invoice • L/C • OEM Contract 	<ul style="list-style-type: none"> • Importer • Exporter • Importer's Bank • Exporter's Bank 	0.5

IV. Observation and Discussion

Detailed analysis of the processes involved in the imports and exports of the above mentioned goods using the BPA method allowed us to measure the length of time, costs (to a certain extent) and number of documents required.

Table 15: Days, Cost and Documents

Export			
	Days	Cost(\$, per container)	No. of Documents(Electronic)
Company X	10	293~440	15(3)
Company M	16.5	293~440	17(7)
WB doing business 2010	21	500	7
Import			
	Days	Cost	No. of Documents(Electronic)
Company X	9.25	366~440	13(4)
Company P	12	293~440	13(4)
WB doing business 2010	24	545	5

A comparison of our results and those found by the World Bank (WB) study is shown in Table 15. There are some clear variance between our findings and those of the WB. The number of days required for getting the goods from the warehouse on to the ship (exports) and the reverse (imports) are markedly lower than the WB study. Our respondents claim that the process takes between 8 to 11 days. However, the number of documents involved in the process is much higher than the WB study. Company M for instance claims that there are 17 documents involved in the export process (compared to only 7 reported in the WB study). The costs involved averages about USD370.

The variation could be due to several reasons:

- Our respondent companies have long term relationships with buyers/sellers. They have also been in the business for a long time. As such, they are familiar with the process and so may be able to clear the obstacles involved in the process in a shorter period of time.
- The WB study might have only considered the number of documents handled by the freight forwarder. We have also included those documents that are handled by the buyer/seller.
- All our respondents use freight forwarders/customs brokers. These entities are able to speed up the process of customs clearance because of the close connections and/or experience they have with the government agencies.

The use of freight forwarders and custom brokers is prevalent in China. Nearly all the companies that we approached (including those not included in this study) reported using these agencies. According to a customs broker, nearly 95% of China's trade goes through forwarders and brokers. On the one hand, the use of these "go-betweens" helps to facilitate the process of inspection and customs clearance. The companies are able to "outsource" the obstacles of

dealing with the various government agencies, and concentrate on what they do best i.e. produce. On the other hand, the activities carried out by these brokers remain to be a black box - a domain that is only known by the brokers and the customs officers. Obviously, the opportunities for corrupt practices abound. The companies interviewed for this project, particularly the smaller ones, were quite ignorant as to what exactly happens after documents are handed over to the customs broker. Nevertheless, the services provided by the broker are invaluable.

The role of the broker will continue as long as the inspection and customs clearance processes require the approval of the customs officer in charge. In China, these processes are still people-based rather than system based. Although there will be an increasing number of documents that would go electronic and marginally increase the speed of the process, at the end, the online document would have to be printed and signed/stamped. That face-to-face encounter could still result in corrupt practices.

In conclusion, the trade facilitation processes that exist in China seems comparatively efficient. The number of documents involved is large, but given information technology and the frequency of these procedures, this does not seem to be of concern to firms. However, the number of documents increases the probability of errors and so the rejection of an application. Reducing the number of documents could encourage firms to handle inspection and customs clearance on their own which may make the services of the broker redundant. Although previous studies (Wilson, 2007) showed that a 10% reduction in trade documents can increase trade by more than 11%, in the case of China however, diminishing returns would surely apply. Thus, there is no guarantee that reducing the number of documents will speed up trade facilitation.

The findings and the conclusions of the paper are however subject to several limitations. First, our findings are based on a handful of case studies. It is premature to generalize these findings to reflect all import and export procedures in China. The types of importers and exporters vary based on size, ownership, trading partners etc. The challenges faced by these traders would differ from one to another. Second, the companies in our study use Shanghai and Shenzhen as their main ports. There are other major ports (e.g. Tianjin) in China whose procedures may be different. Third, our BPA analysis relies on the input provided by the staff and executives who are involved in the relevant trade procedures. It is likely that both the researchers and the executives might have overlooked some documents or costs involved in the process due to the repetitive nature of these procedures. Nevertheless, we hope that the findings contribute in a small way towards greater facilitation of trade among businesses in China.

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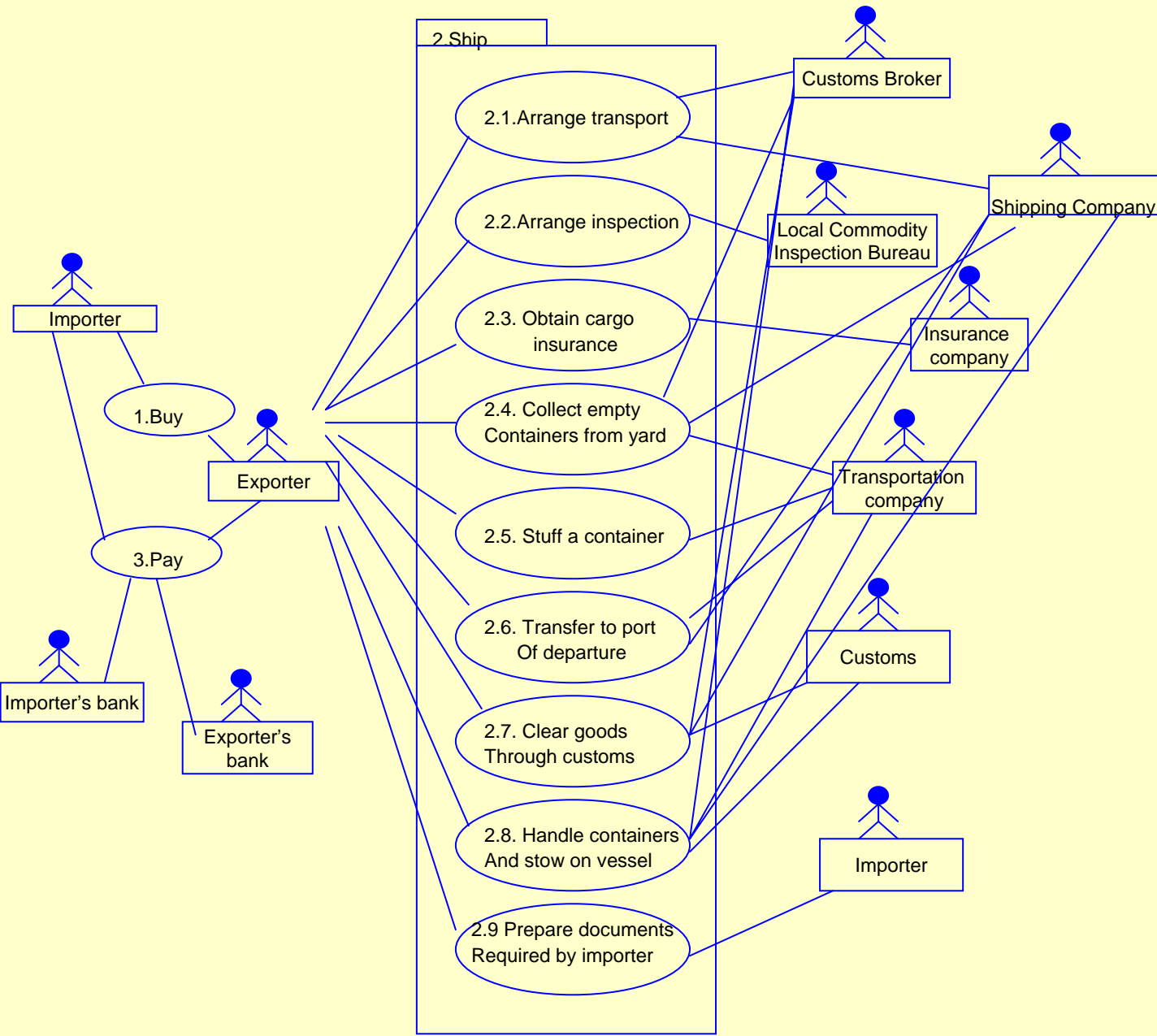
Appendix 1: The impact of trade facilitation on trade flow

Author(year)	Key findings
APEC(2004a)	Based on a <i>gravity model</i> exercise for APEC economies, the authors find that improved trade facilitation by 10 percent boots intra-APEC imports by a minimum of 0.5 percent in the area of customs procedures.
Dollar et al.(2004)	Based on survey results from 7,302 companies in eight developing economies (including Brazil, China and India), the authors find that "costoms clearance times...are key determinants of...export status." <i>Maximum Likelihood</i> estimates show that costoms clearance times for both imports and exports have a significant negative effect on exportation.
Kim et al.(2004)	Based on a <i>gravity model</i> exercise for APEC economies, the authors conclude that an improvement in customs procedures performance by 50 percent would increase imports by 1.7-3.4 percent in industrialised APEC economies, 2.0-4.5 percent in newly industrialised APEC economies, and 7.7-13.5 percent in industrialising APEC economies.
Wilson et al.(2004)	Based on a gravity model exercise for 75 countries, the authors find that improvements in port efficiency and customs administration for below-average efficient countries half-way up to the global average would increase trade flows by USD 107 billion and USD 33 billion respectively. Improvements in customs administration would benefit all regions but in particular develop country importers. Port efficiency improvement would also greatly benefit developing countries.
Batra et al.(2003)	Based on <i>survey results</i> from 8,560 companies in some 80 countries, 'customs/foreign trade regulations' were identified as the second most serious " tax and regulatory constraint" on operations and business growth/trade in Latin America, Africa, Developing East Asia and the Middle East. In 44 percent of non-OECD countries, half or more of the companies reported that 'customs/foreign trade regulations' were moderate or major obstacles to operations and business growth/trade. SMEs were particularly affected.
Fox et al.(2003)	Based on <i>GTAP-model</i> estimates, the authors conclude that a removal of the frictions in border crossing (delays) between Mexico and the United States would lead to a USD 7 billion rise in trade, with southbound trade estimated to increase by USD 6 billion and northbound trade by USD 1 billion. Welfare would increase by USD 1.8 billion in Mexico and by USD 1.4 billion in the United States.
Wilson et al.(2003)	Based on a gravity model exercise for APEC economies, the authors find that enhanced port efficiency has a large and positive effect on trade. Improvements in customs significantly expand trade but to a lesser degree than the effects of ports improvements. If port efficiency and custom environment in below-APEC-average members were brought half-way to the initial APEC-average, intra-APEC trade is estimated to increase by 11.5 percent. A 9.7 percent gain (USD 117 billion) is expected from increased port efficiency and 1.8 percent (USD 22 billion) from an improved customs environment.

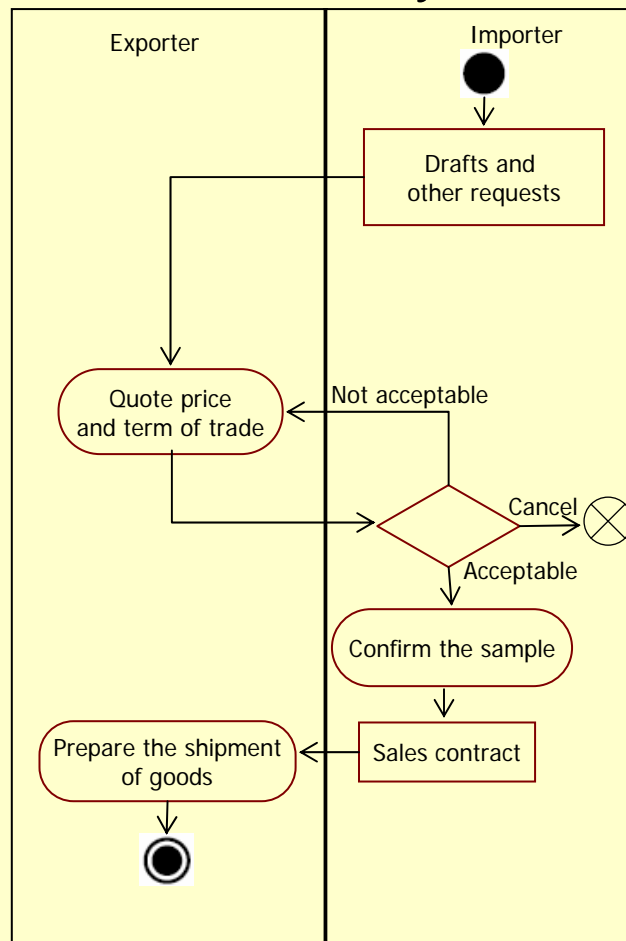
Hummels (2001)	The author estimated that each additional day spent in transportation reduces the probability that the US will source from the country by 1-1.5 percent for manufactured goods while no effect is found for commodities. Each day saved in shipping time is worth 0.8 percent <i>advalorem</i> for manufactured goods.
APEC (1999)	Based on CGE analysis, the authors find that a 1 percent reduction in import prices (from reduced TTCs) for the industrial and newly industrialising countries of Korea, Chinese Taipei and Singapore, and a 2 percent reduction for the other developing countries yield an increase in APEC merchandise trade of 3.3 percent.

Source: Engman (2005)

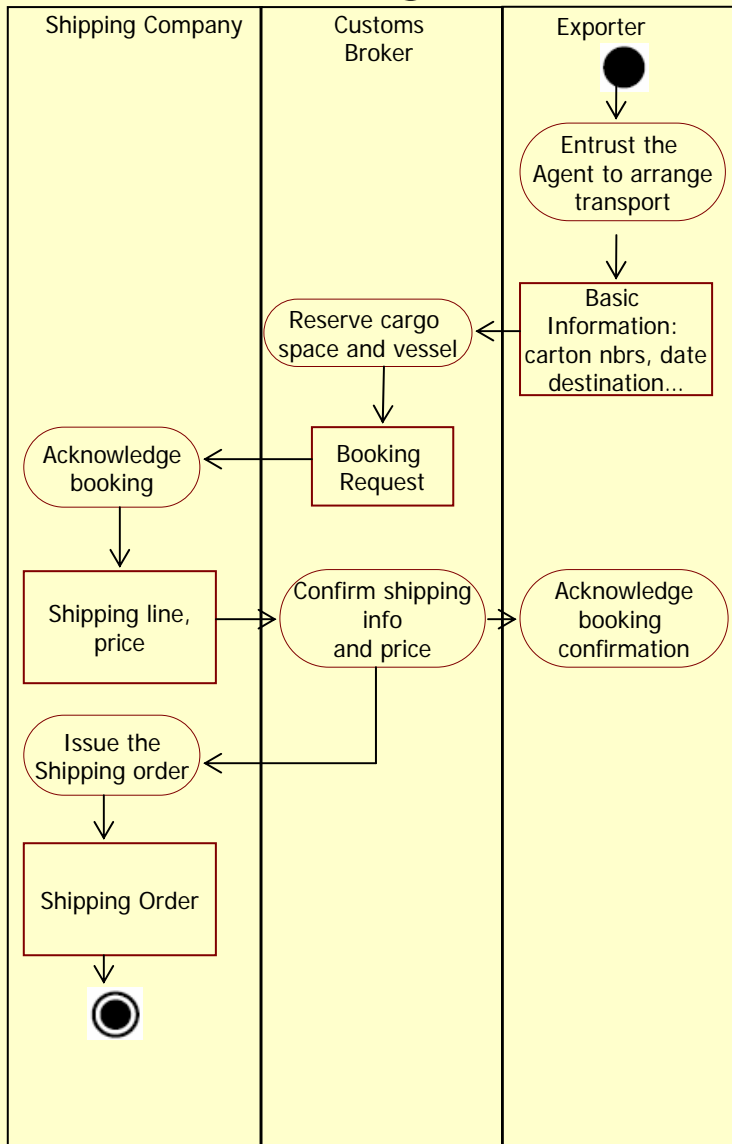
Business Processes of Garments Export from China



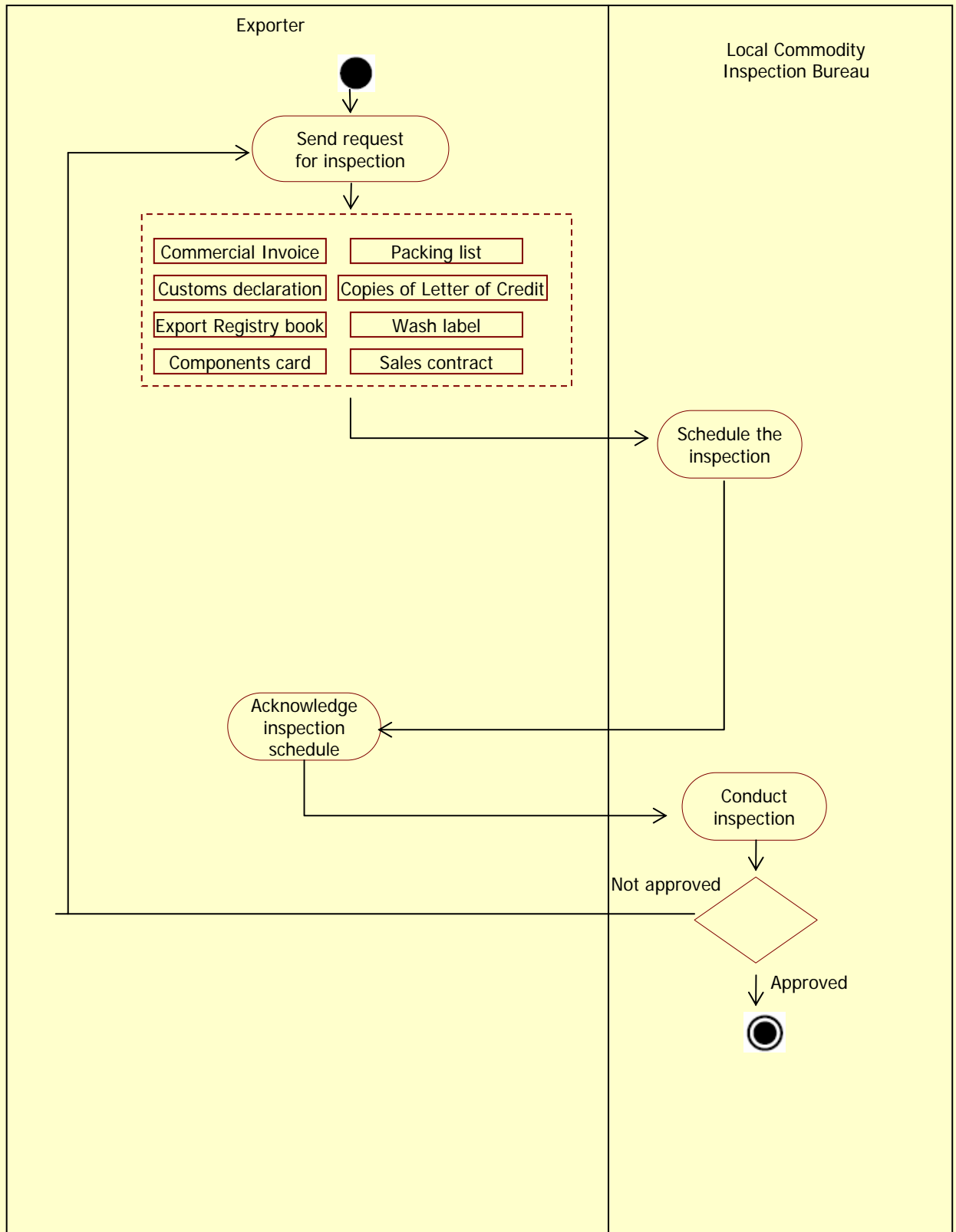
1. Buy



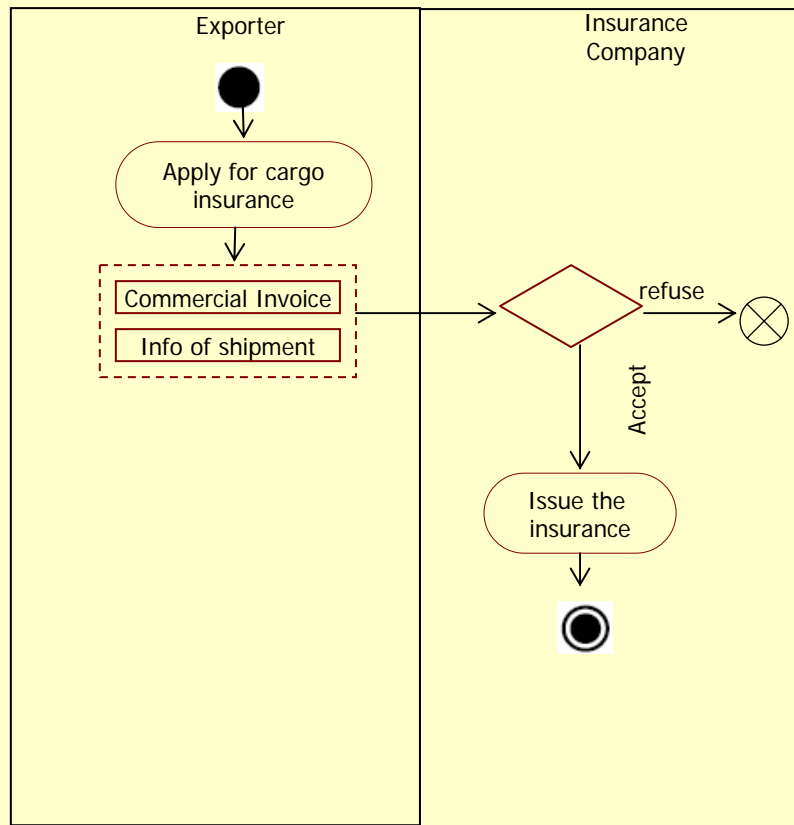
2.1 Arrange transport



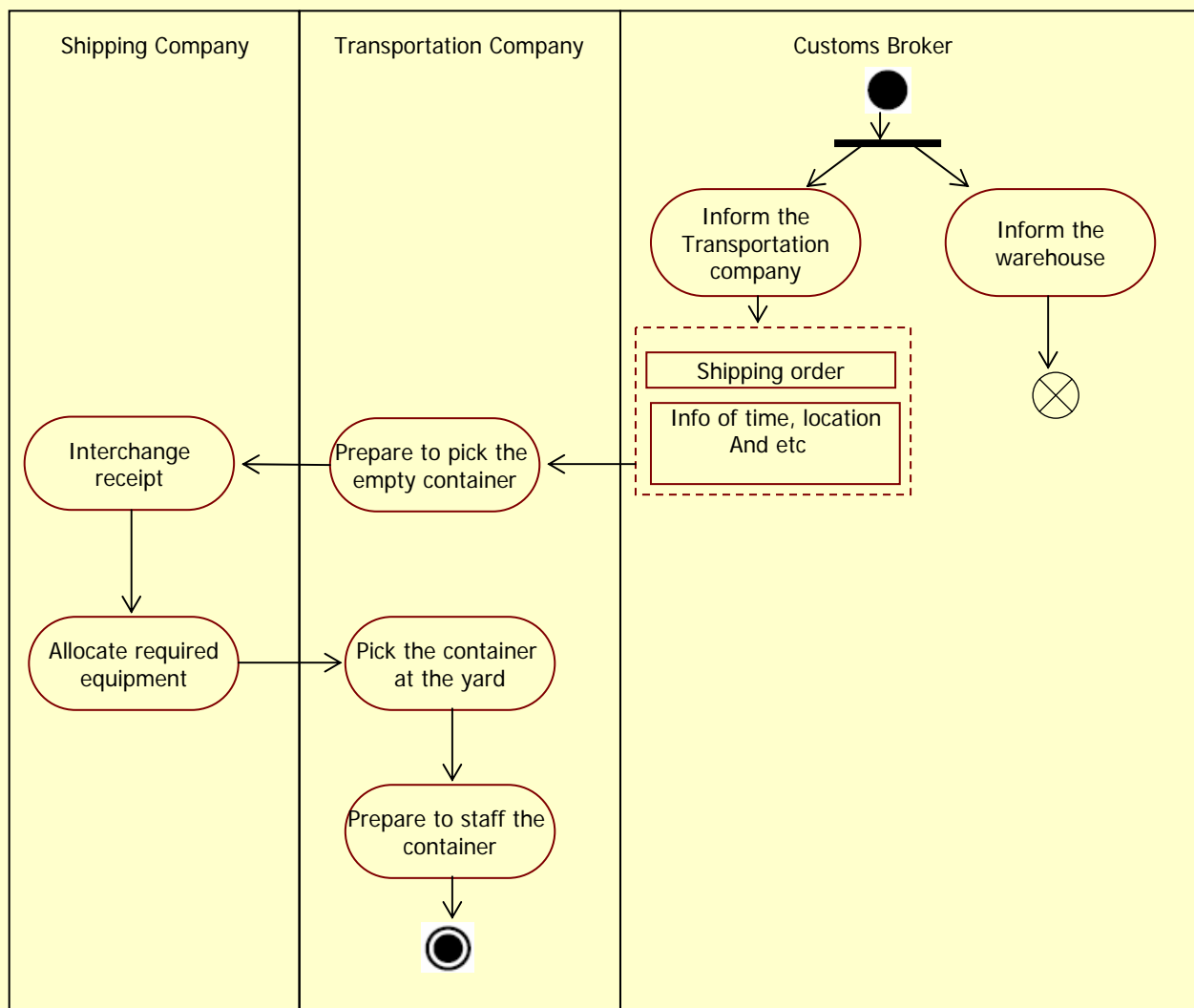
2.2 Arrange the inspection



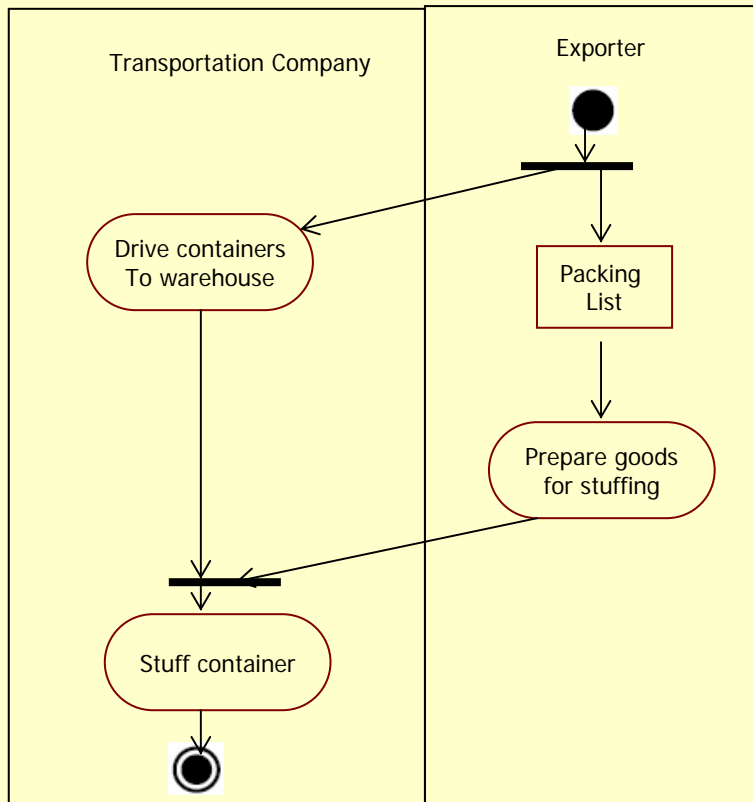
2.3 Obtain cargo insurance



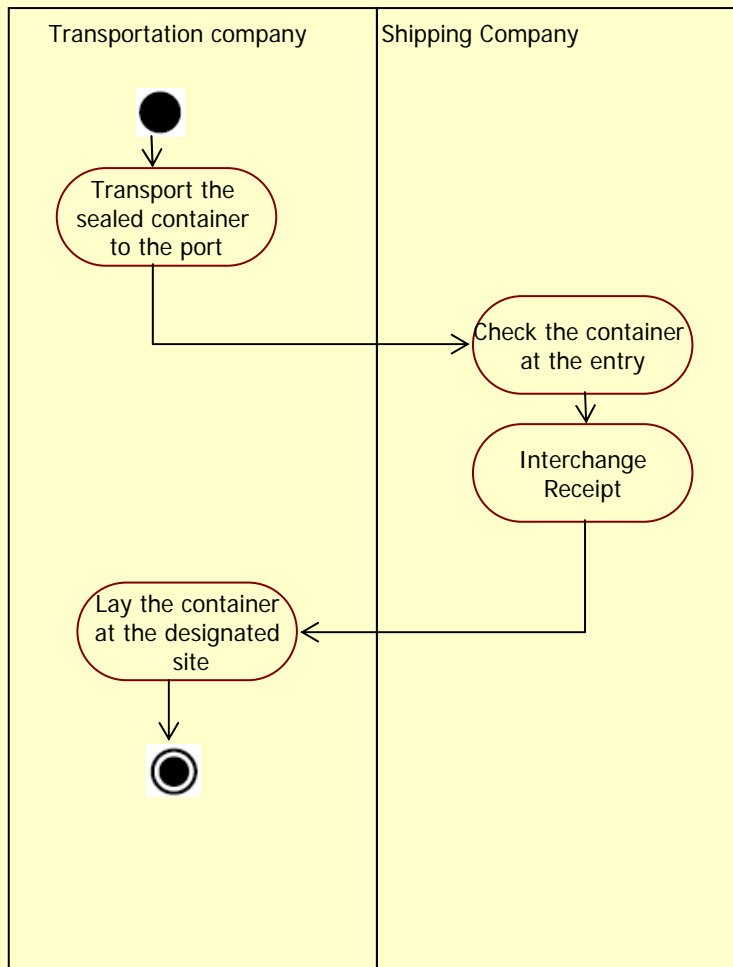
2.4 Collect empty container(s) from yard



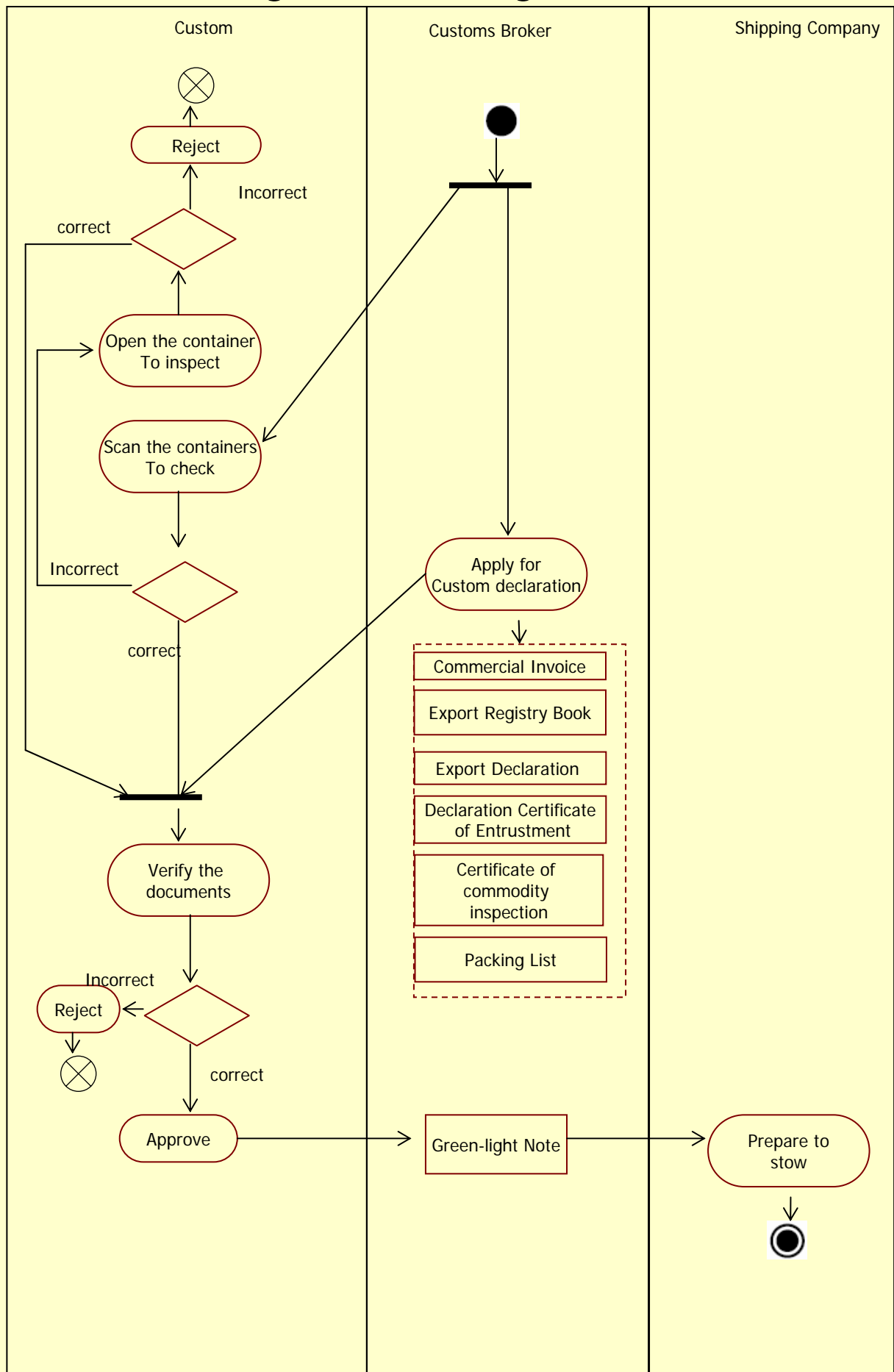
2.5 Stuff a container



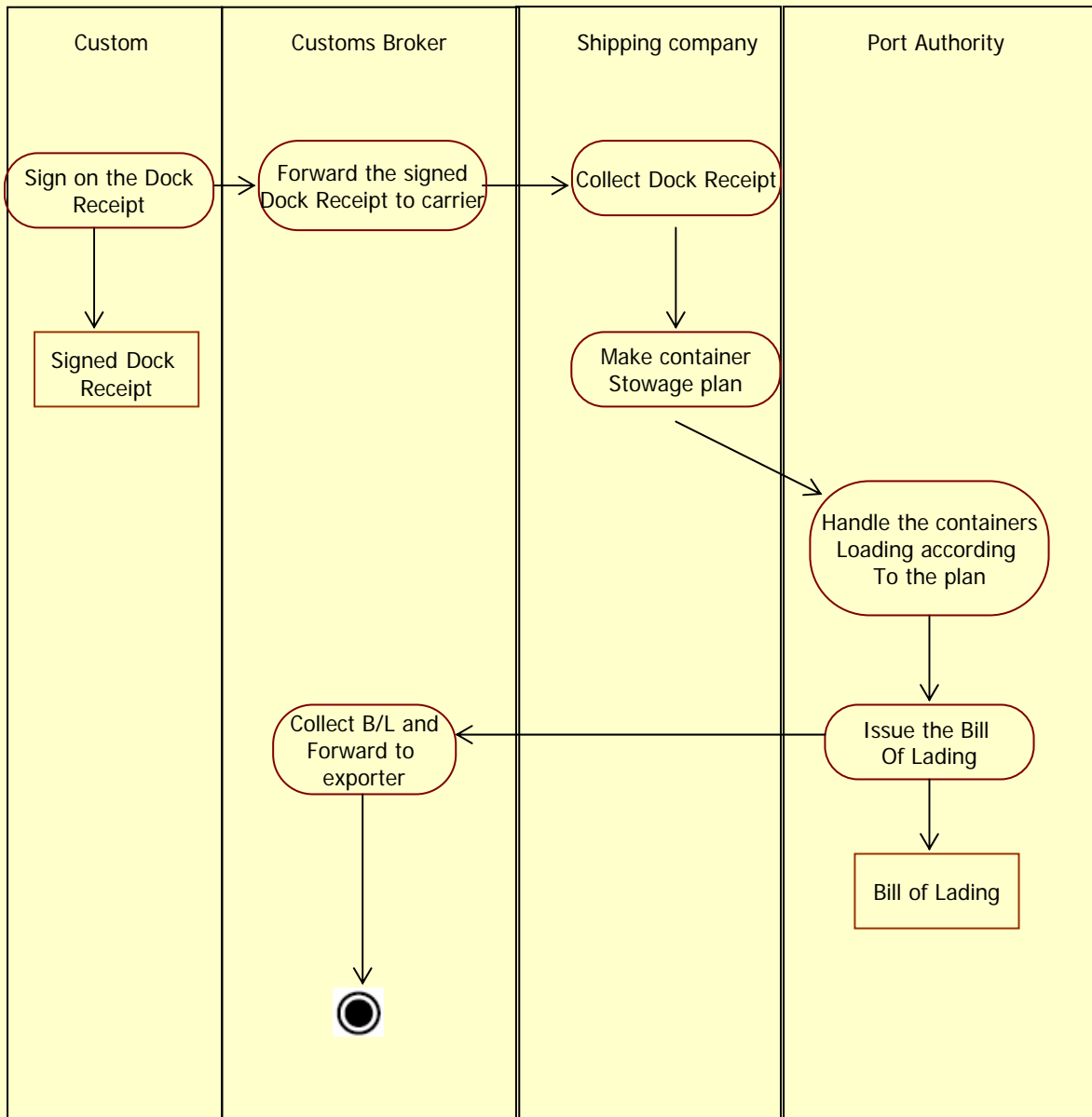
2.6 Transport to Port of Departure



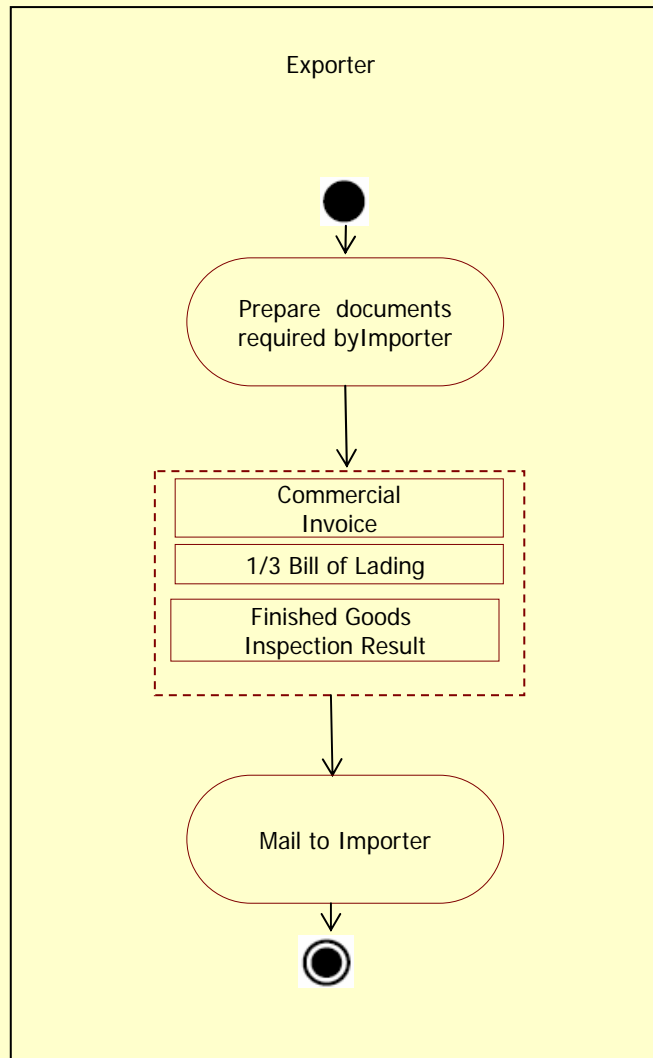
2.7 Clear goods through customs



2.8 Handle container and stow on vessel



2.9 Prepare documents required by importer



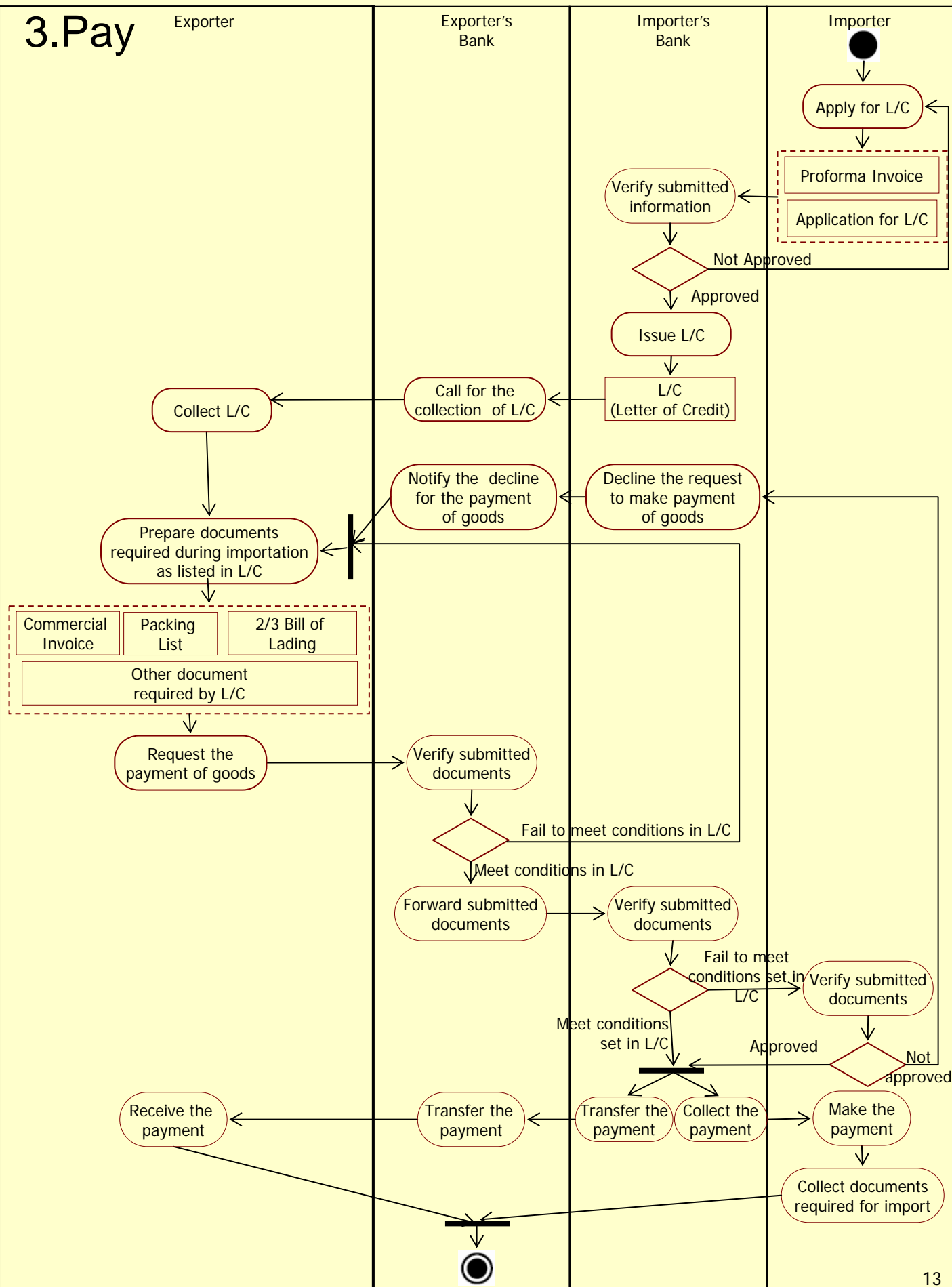
3.Pay

Exporter

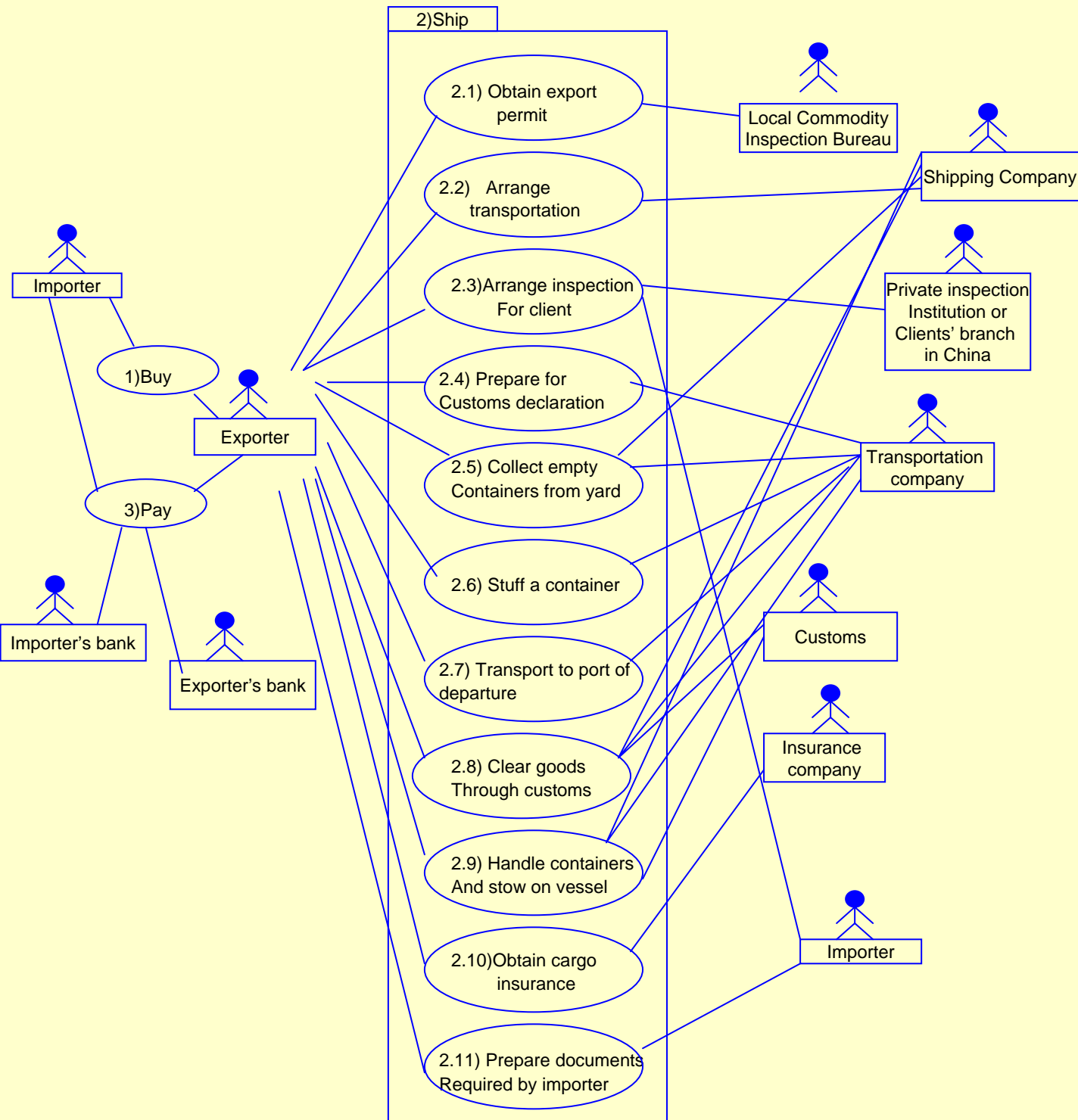
Exporter's Bank

Importer's Bank

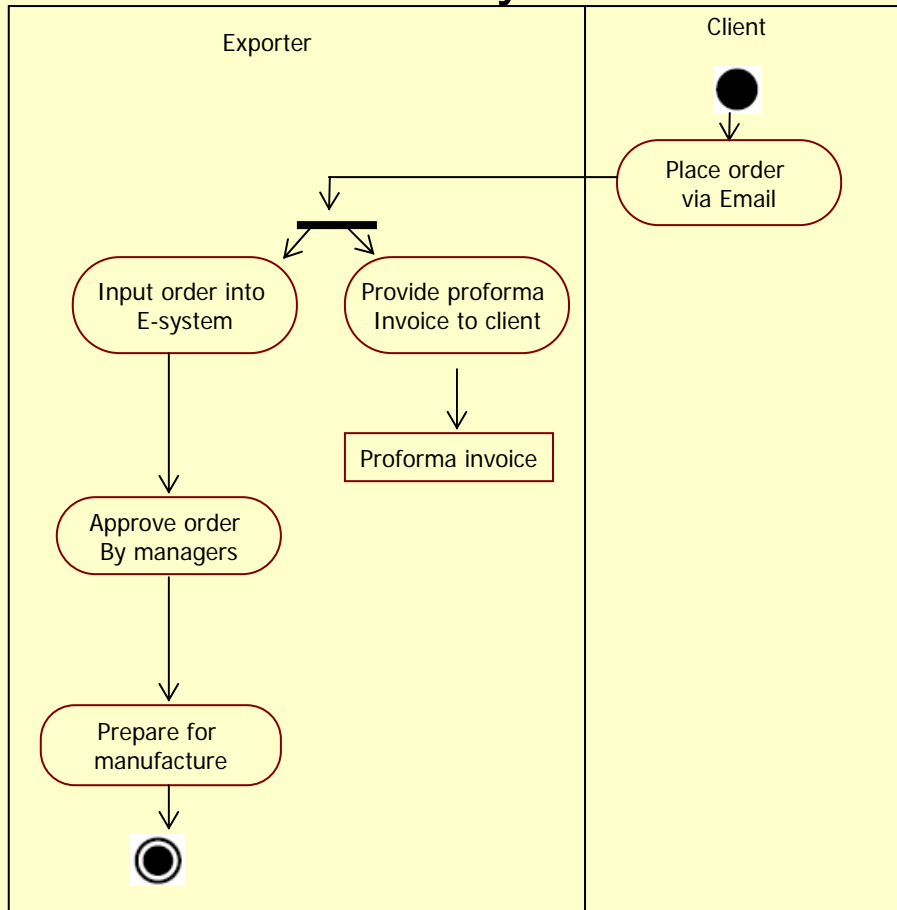
Importer



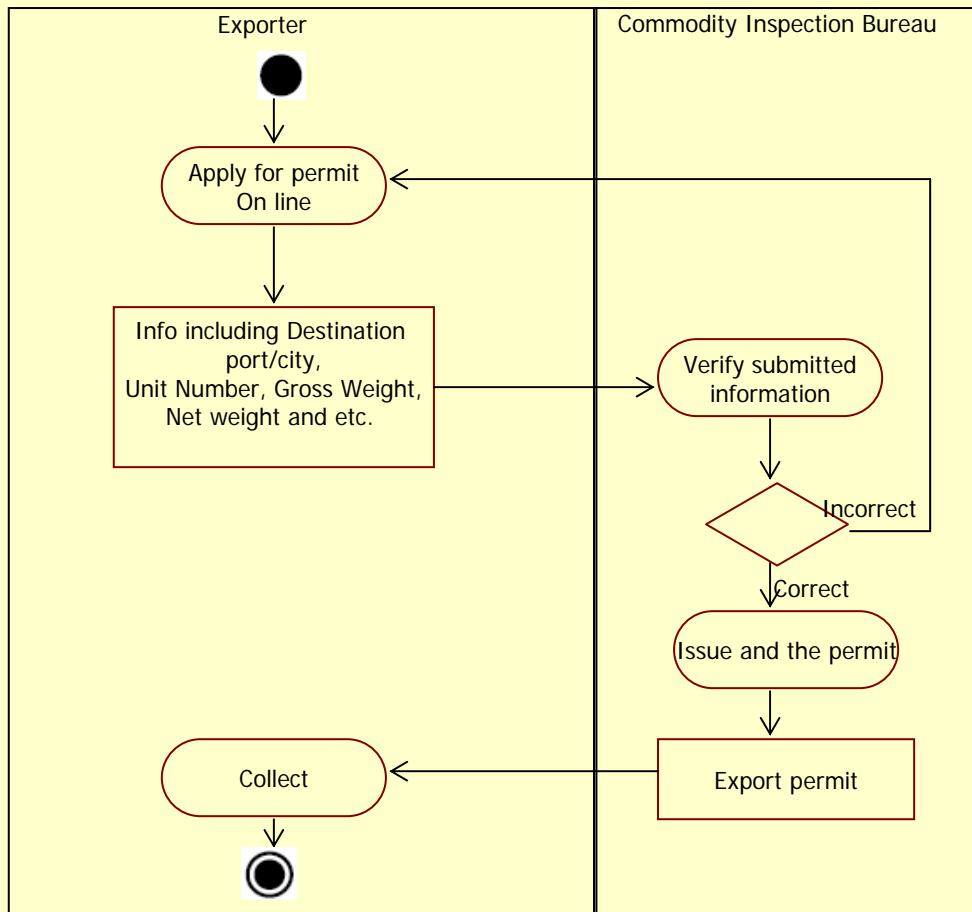
Business Processes of Electronic Appliances Export from China



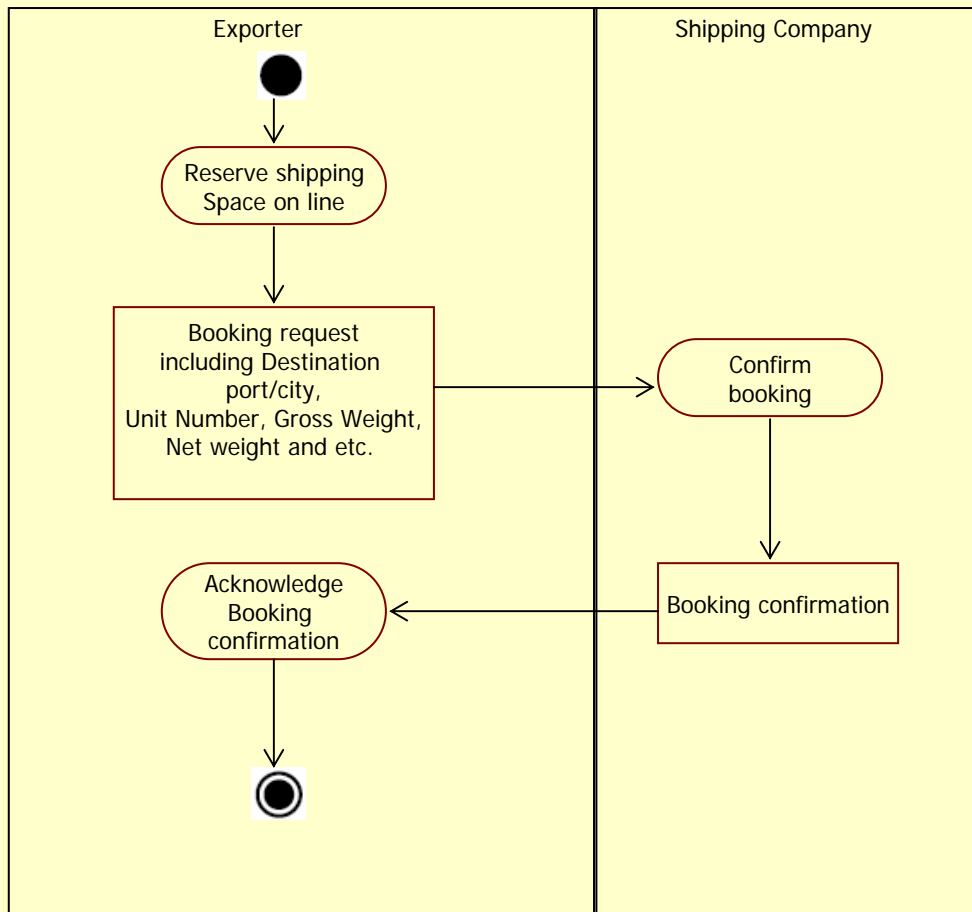
1.Buy



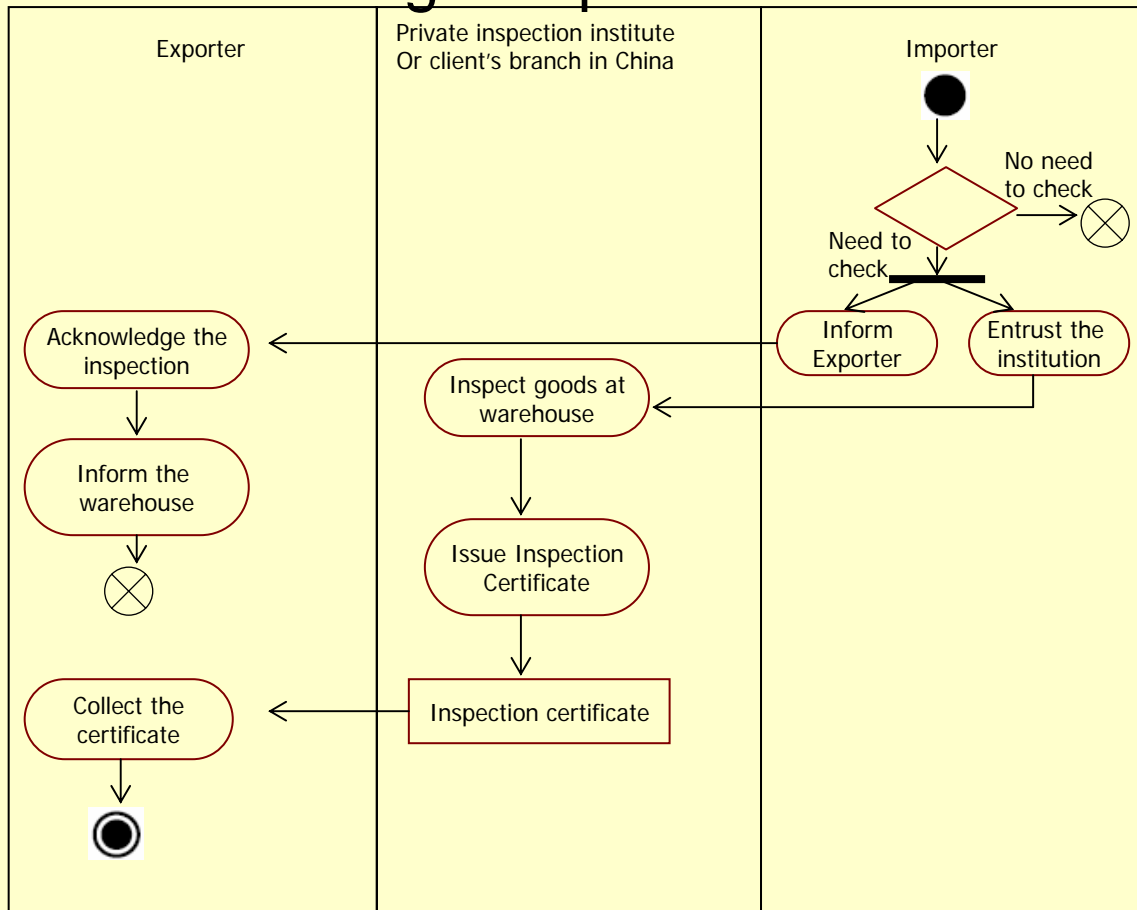
2.1 Obtain export permit



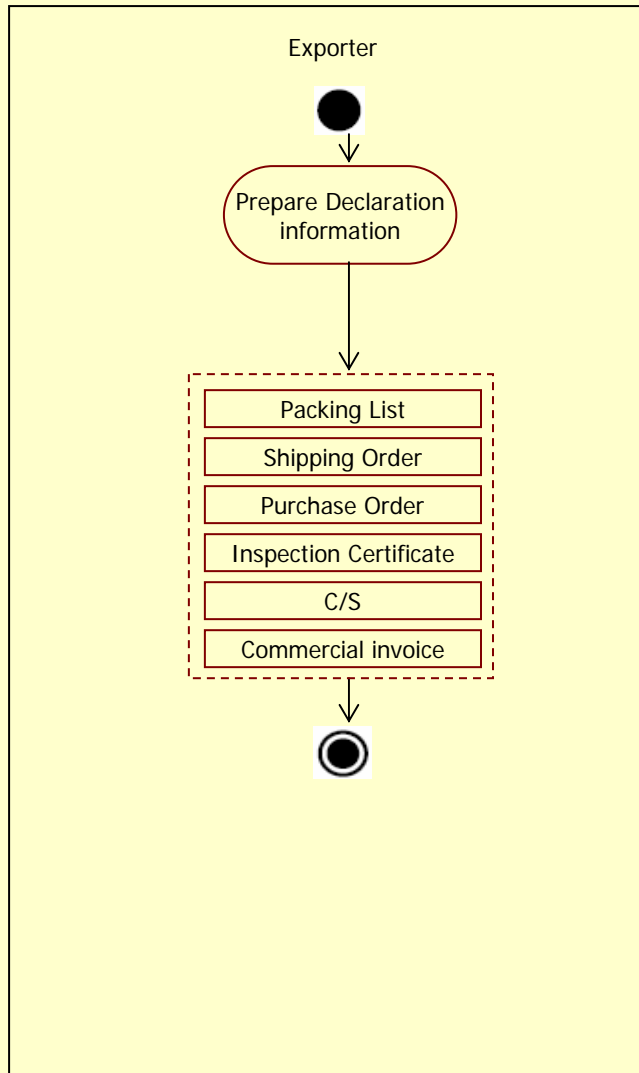
2.2 Arrange transport



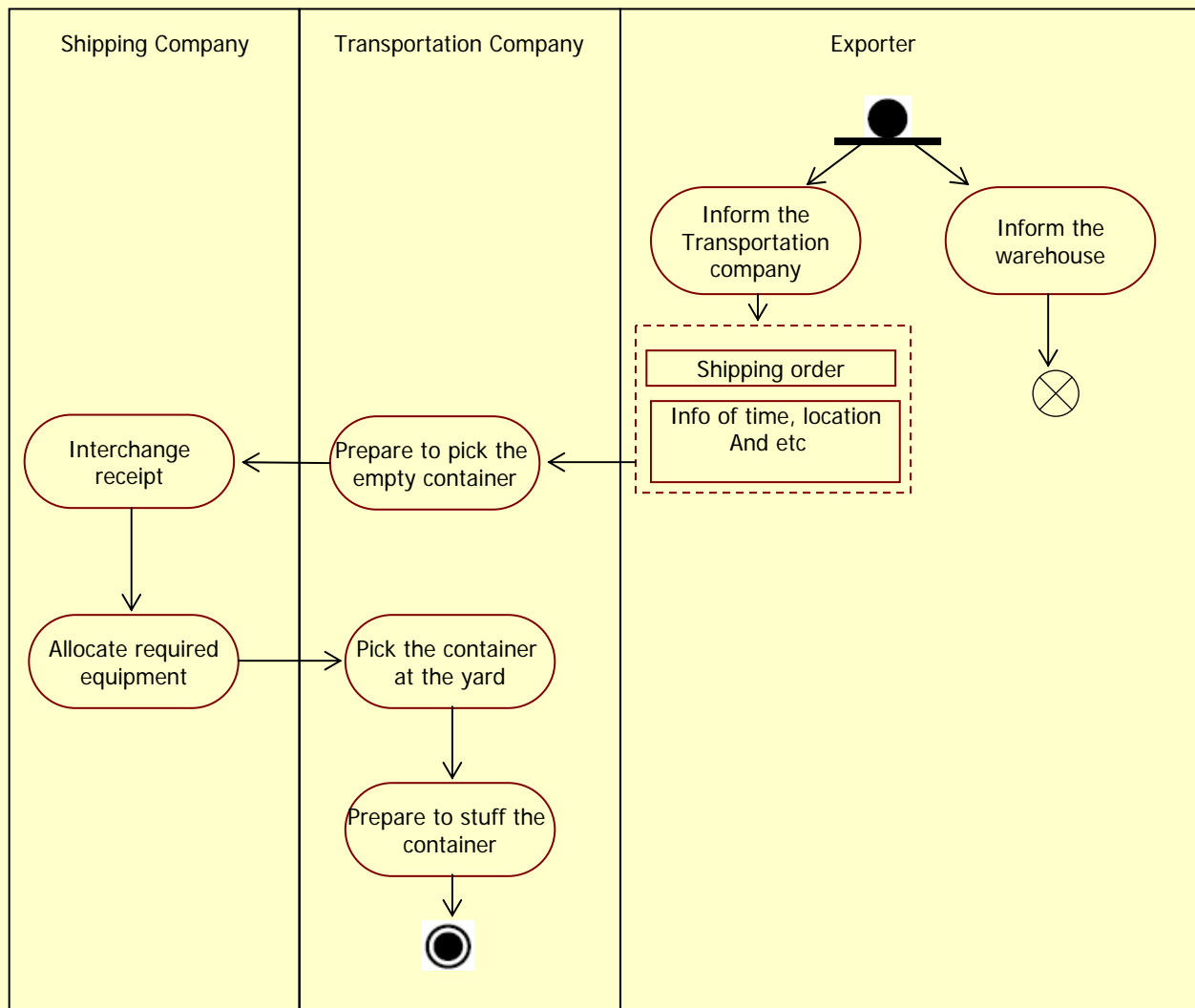
2.3 Arrange Inspection for clients



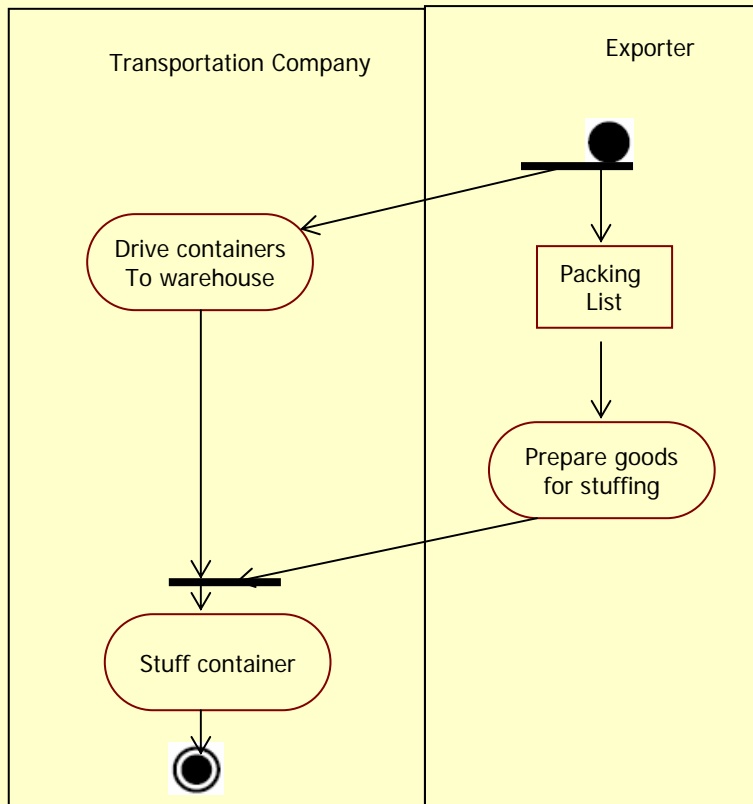
2.4 Prepare customs declaration



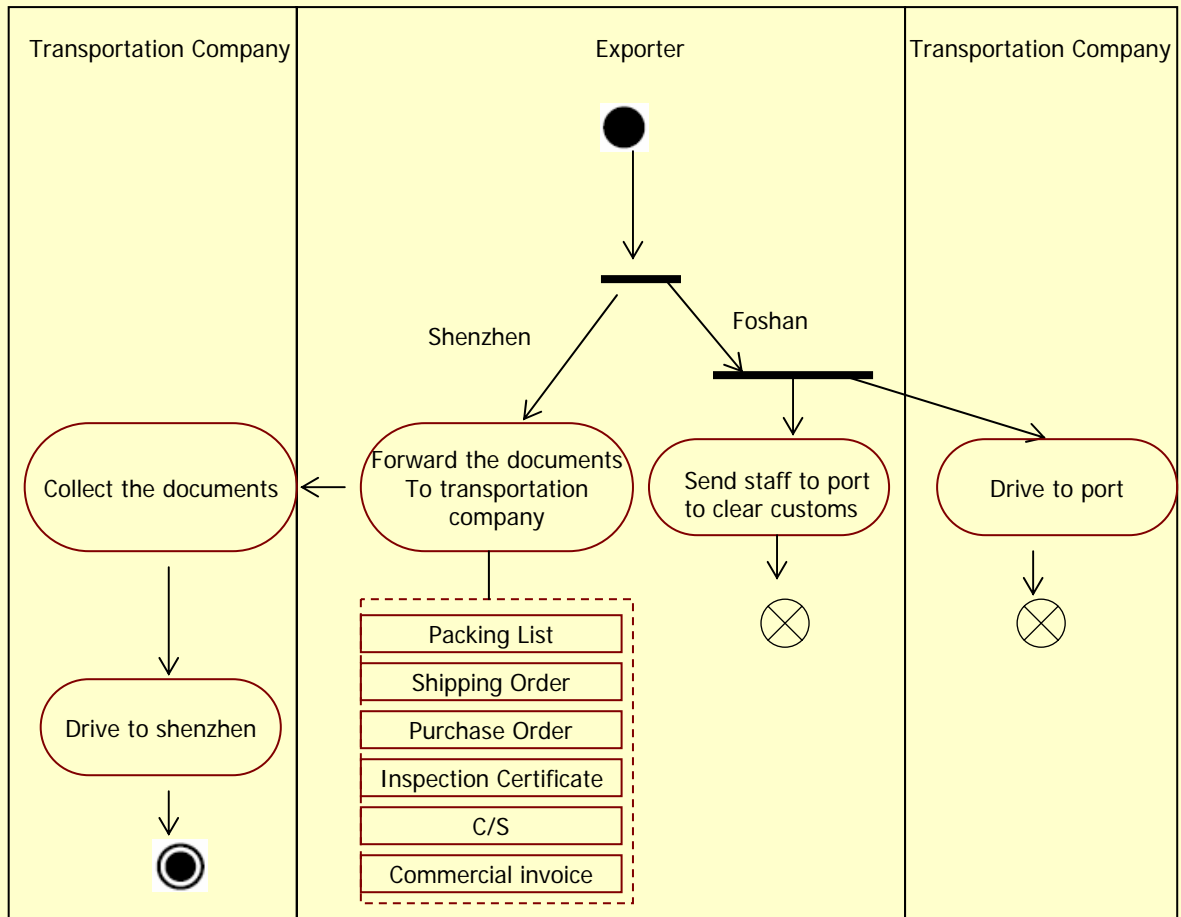
2.5 Collect empty containers from yard



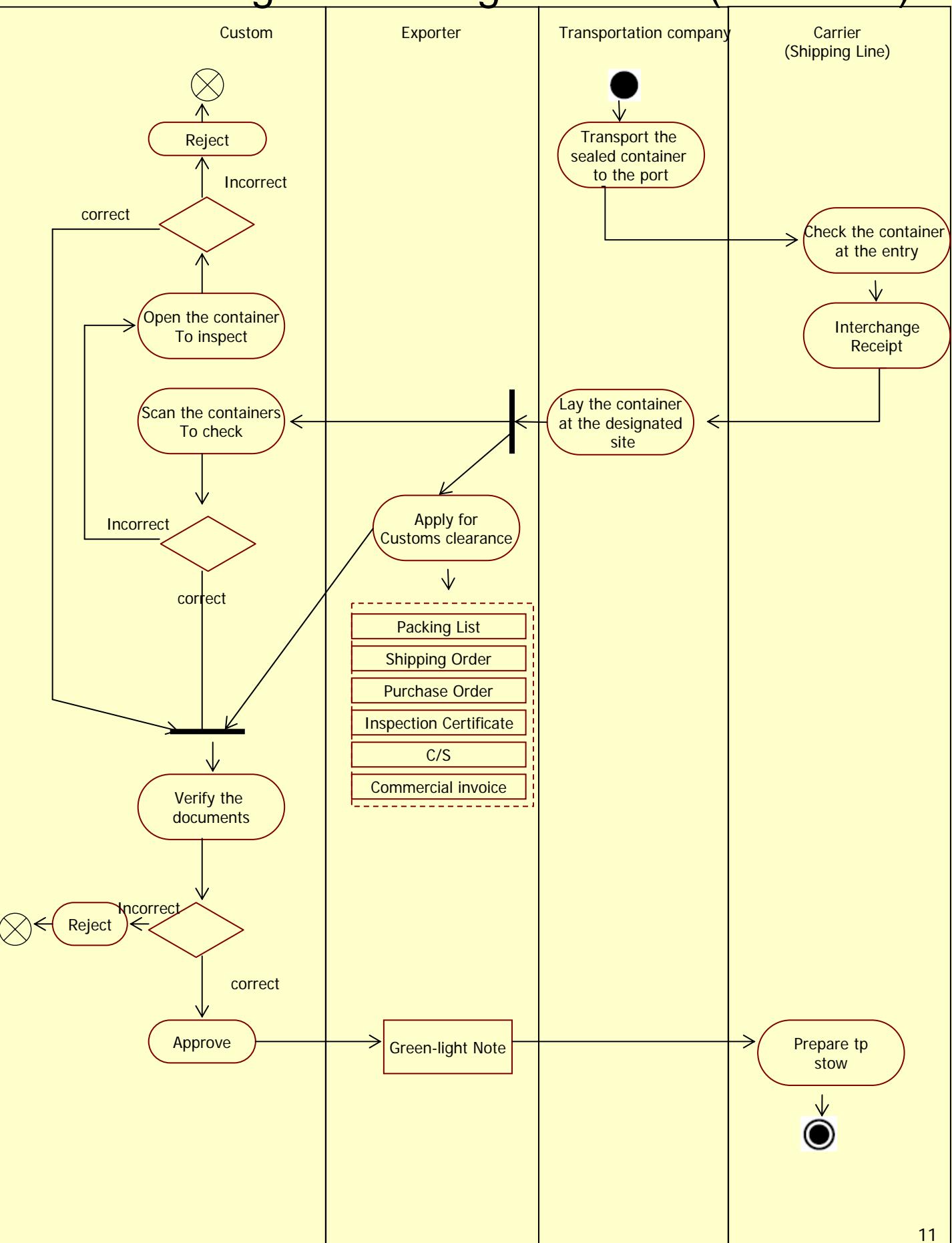
2.6 Stuff a container



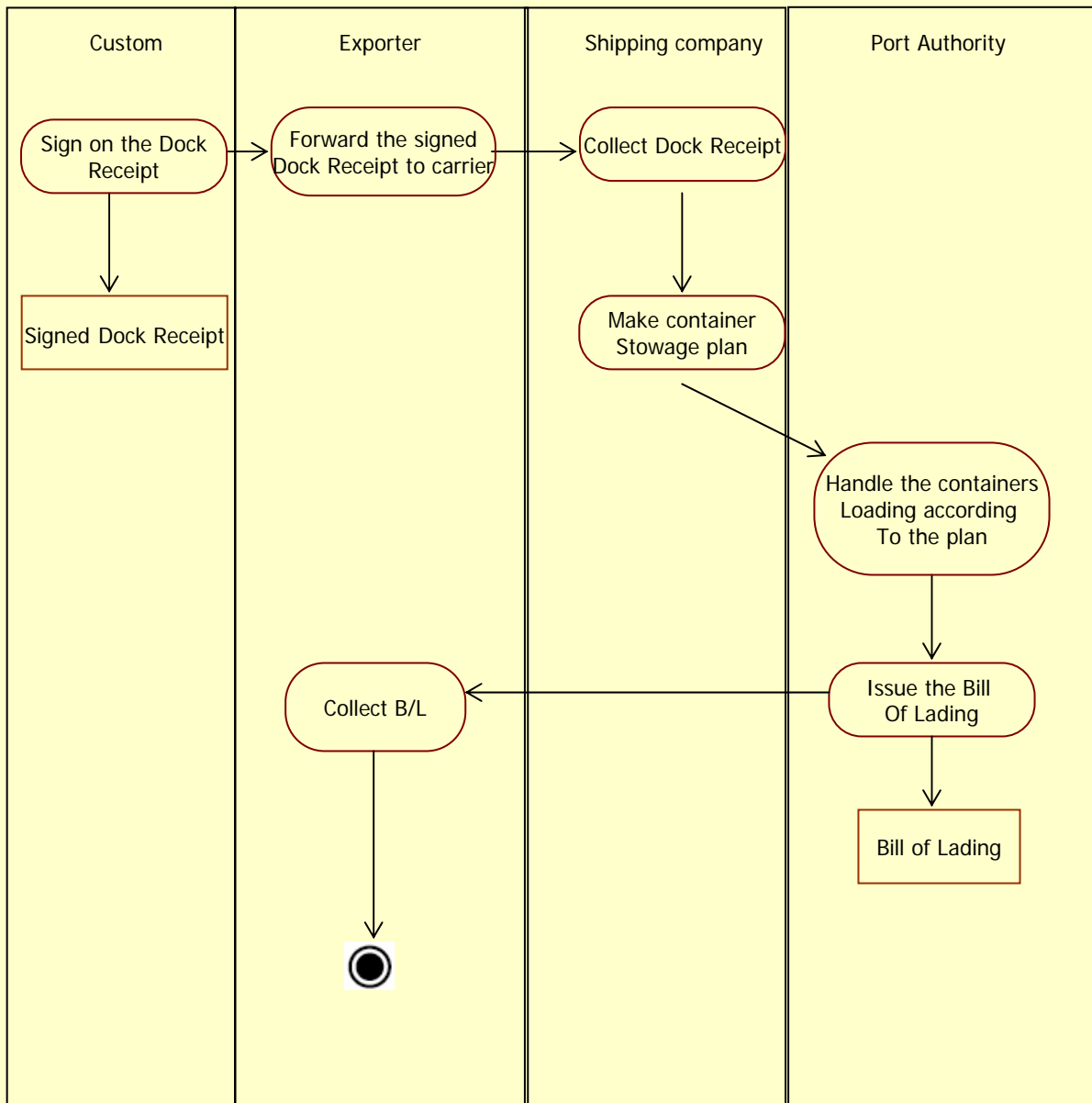
2.7 Transport to port of departure



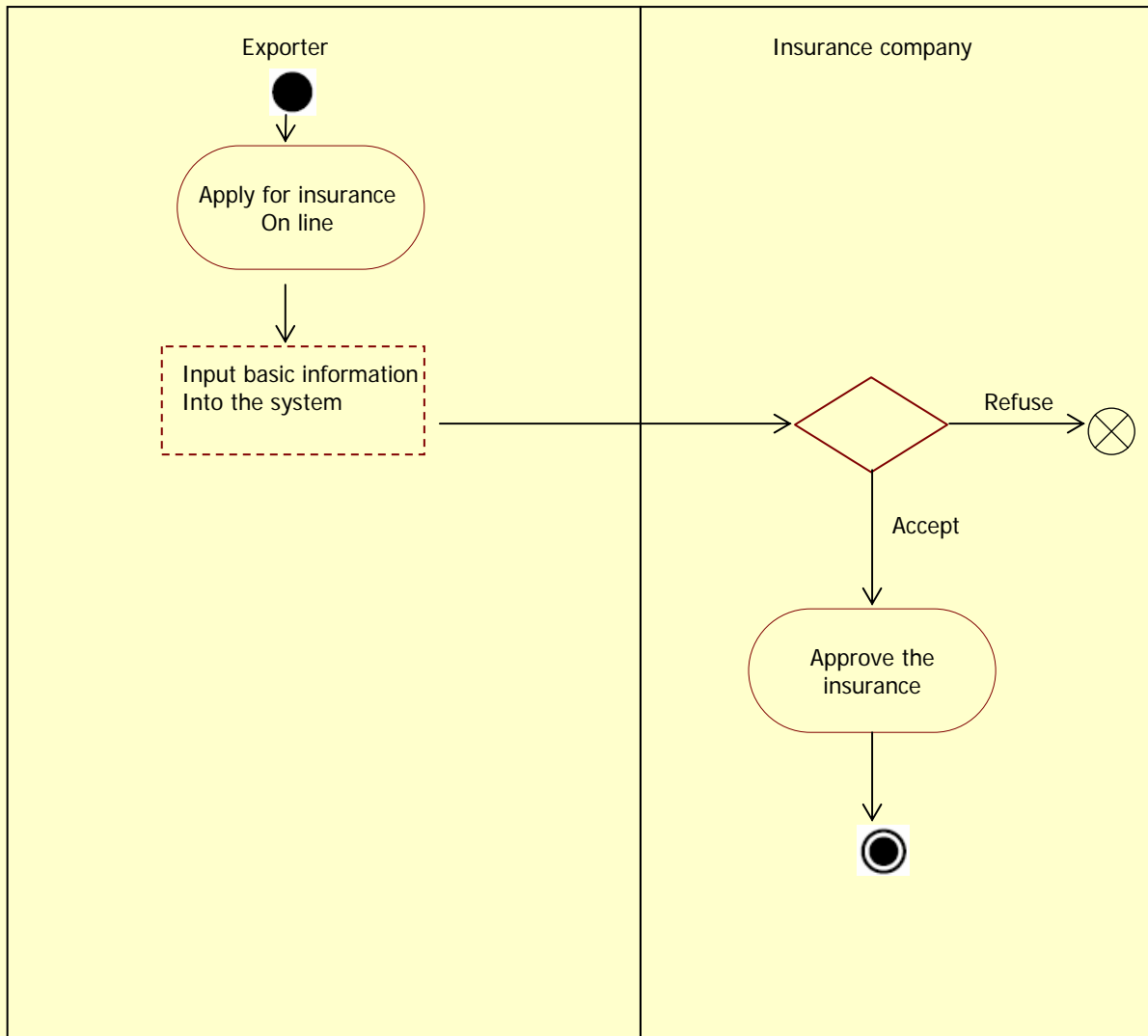
2.8 Clear goods through customs (container)



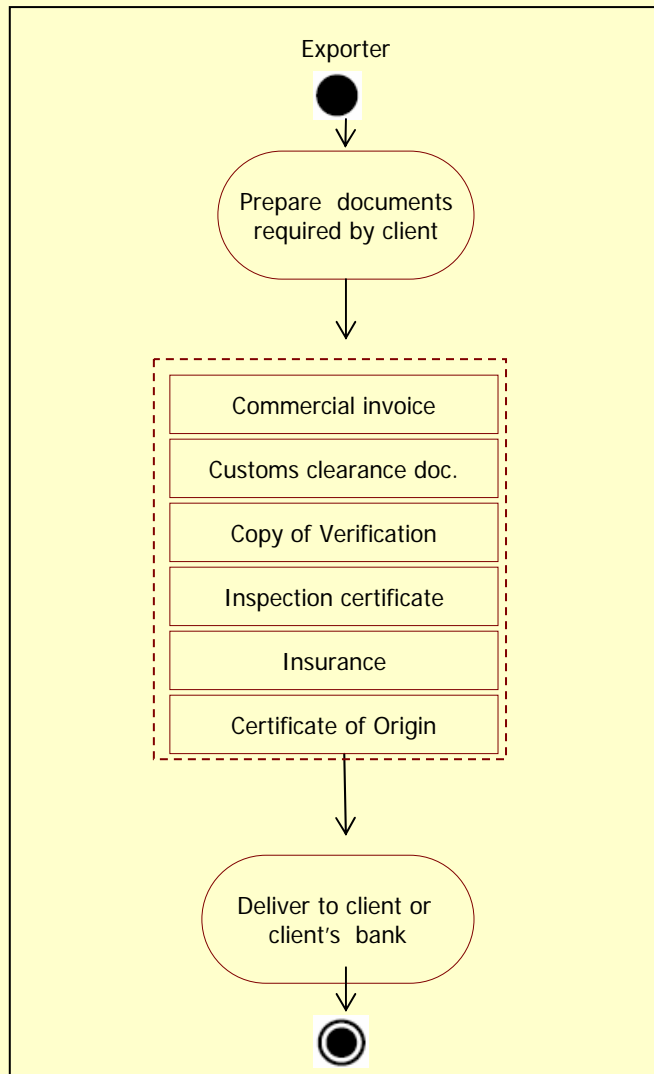
2.9 Handle container and stow on vessel



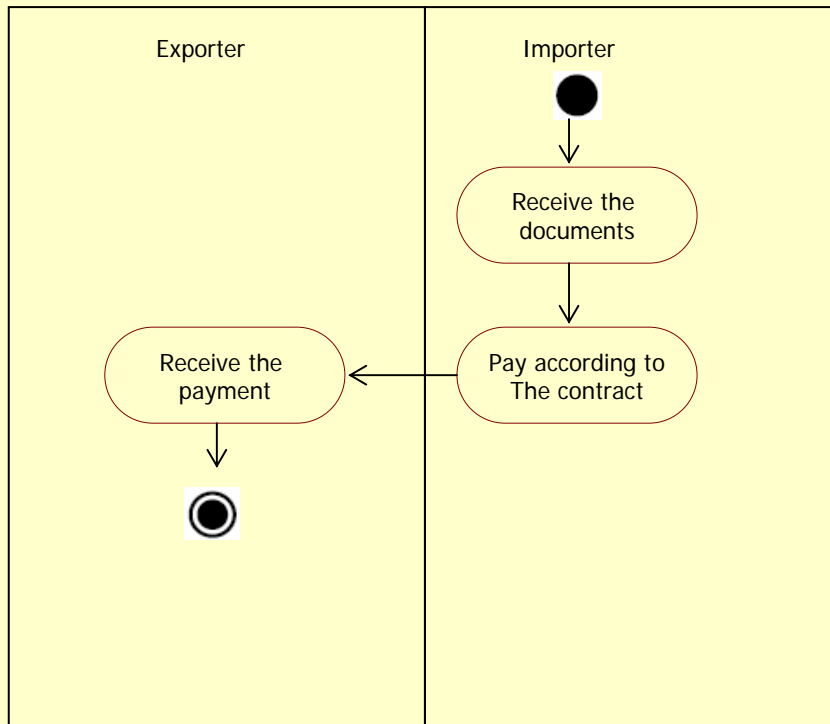
2.10 Obtain cargo insurance



2.11 Prepare documents required by importer

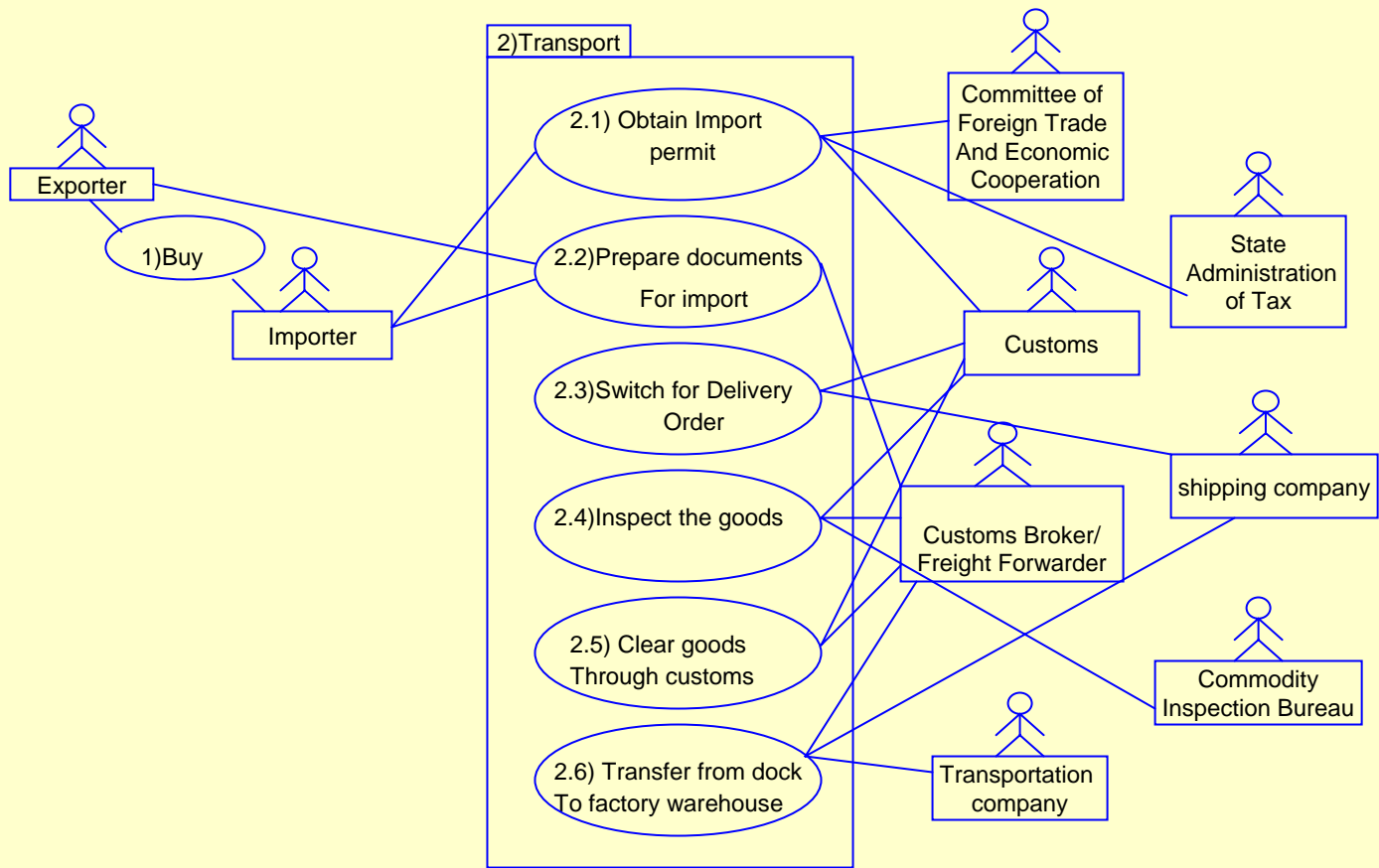


3. Pay

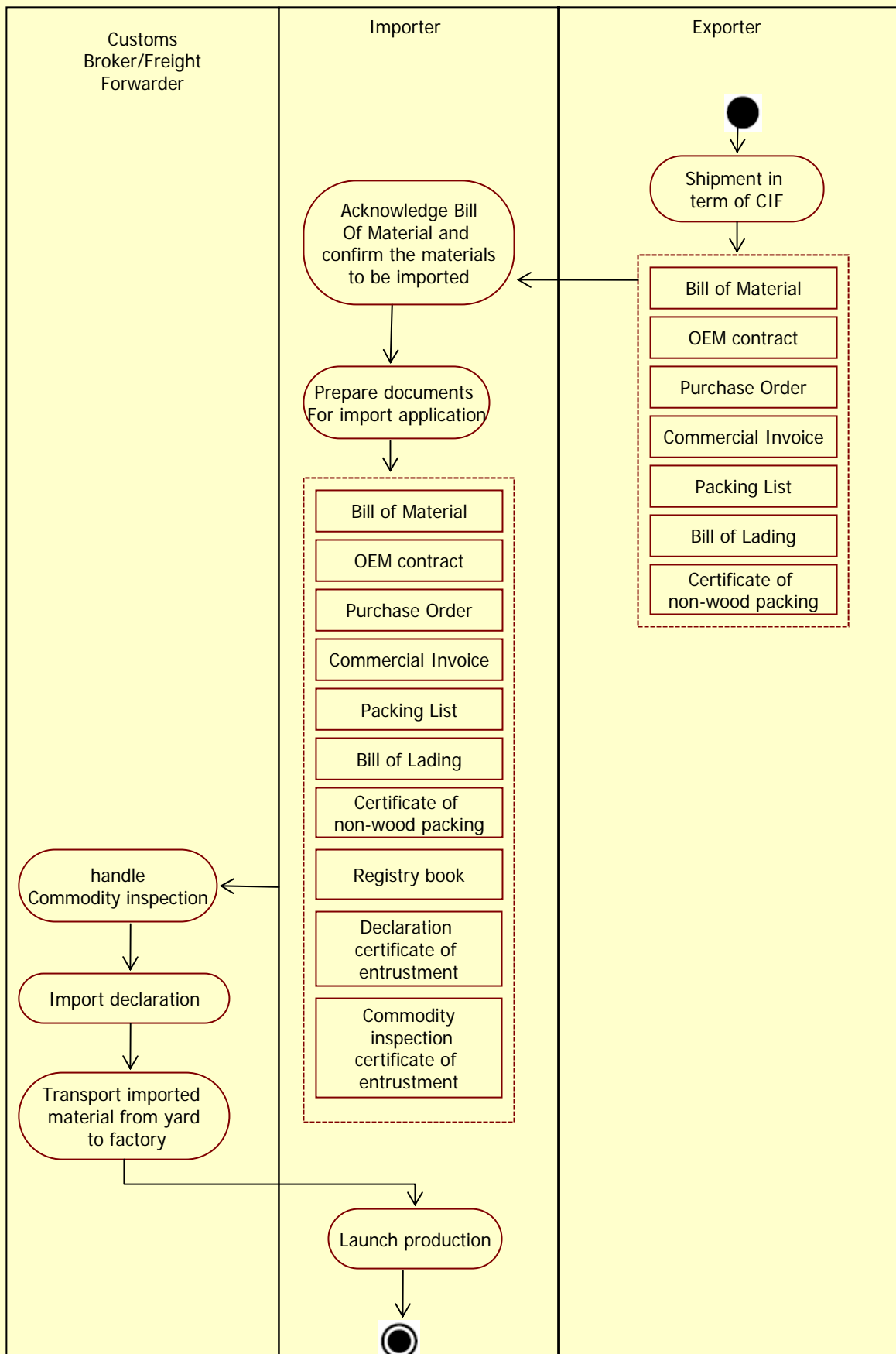


Appendix 4

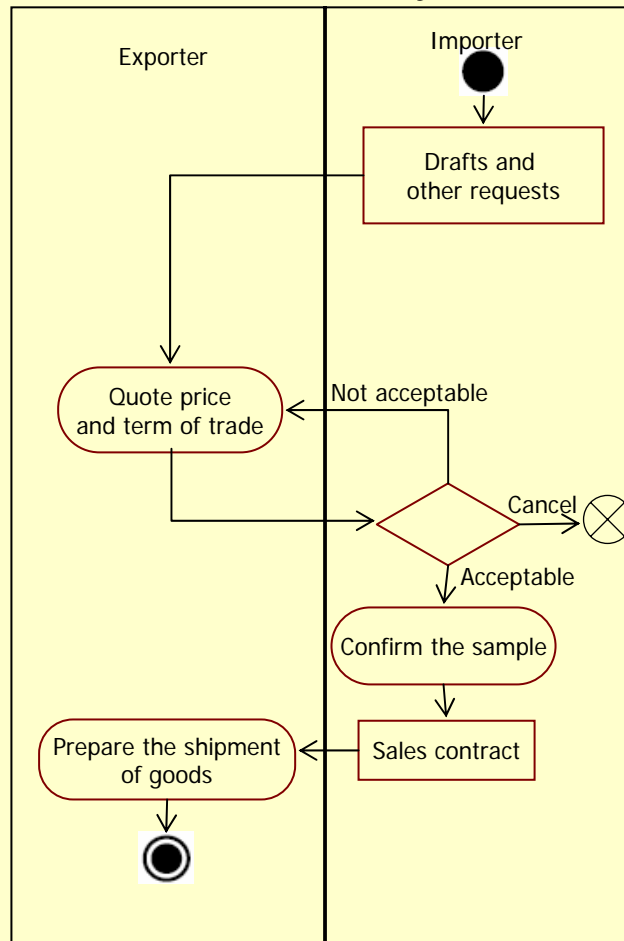
Business Processes of Textile Import from Japan



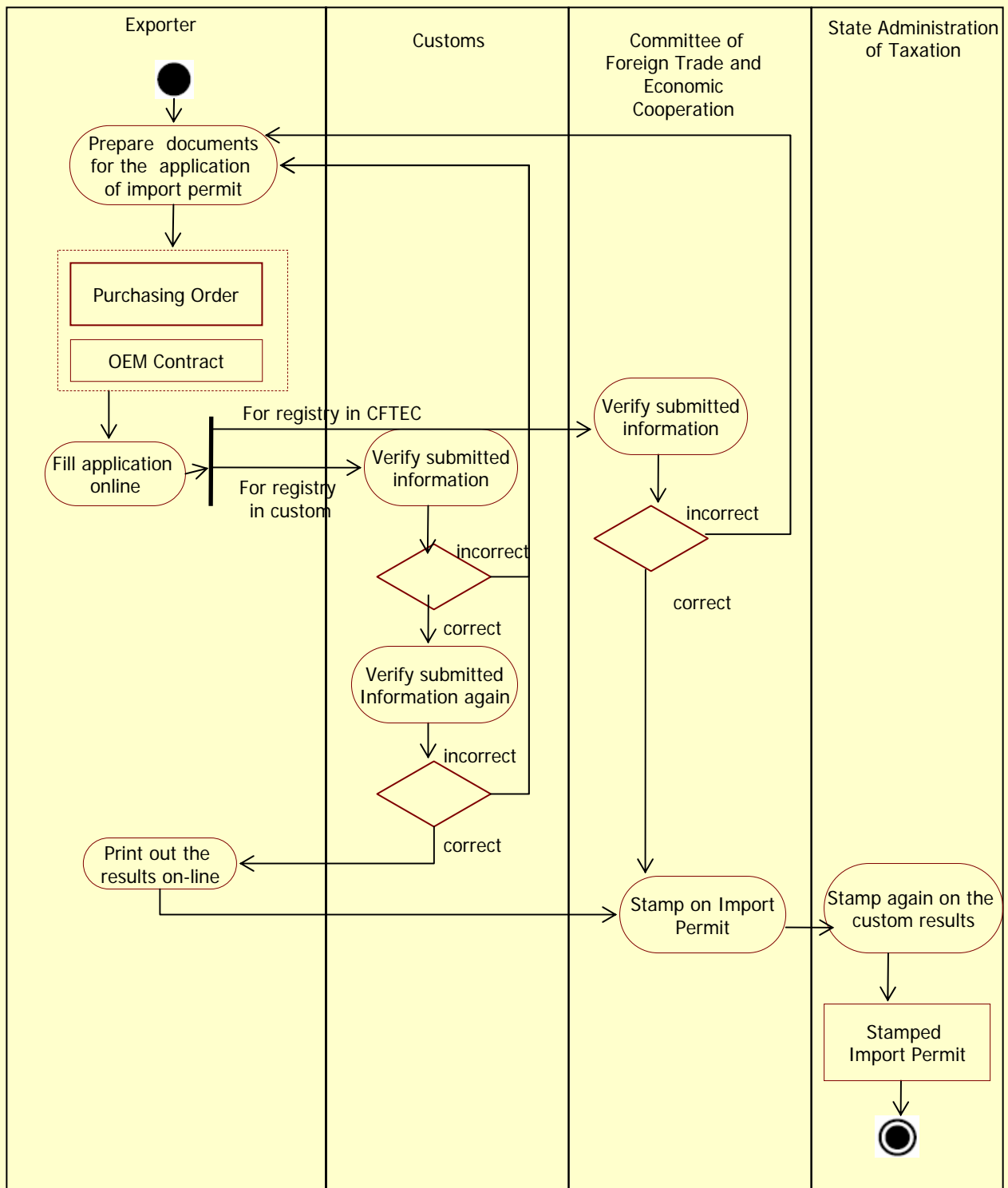
Overview of OEM import flow via agency



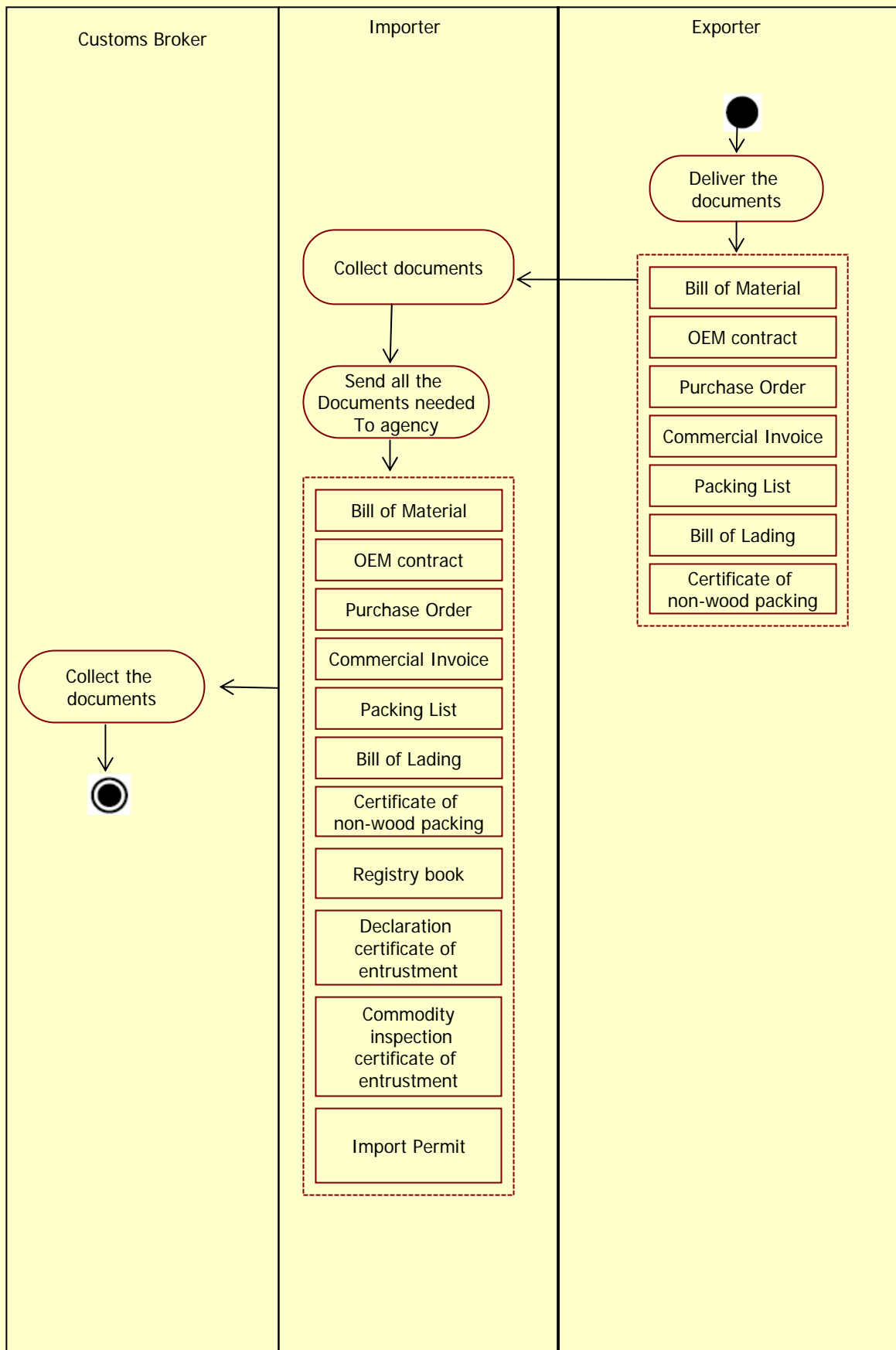
1. Buy



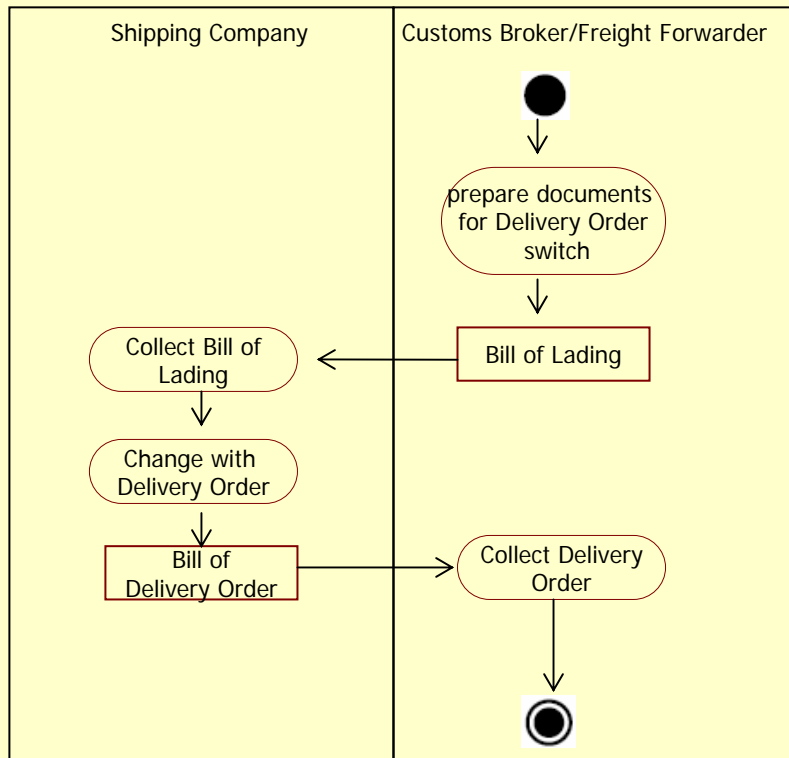
2.1 Obtain Import Permit



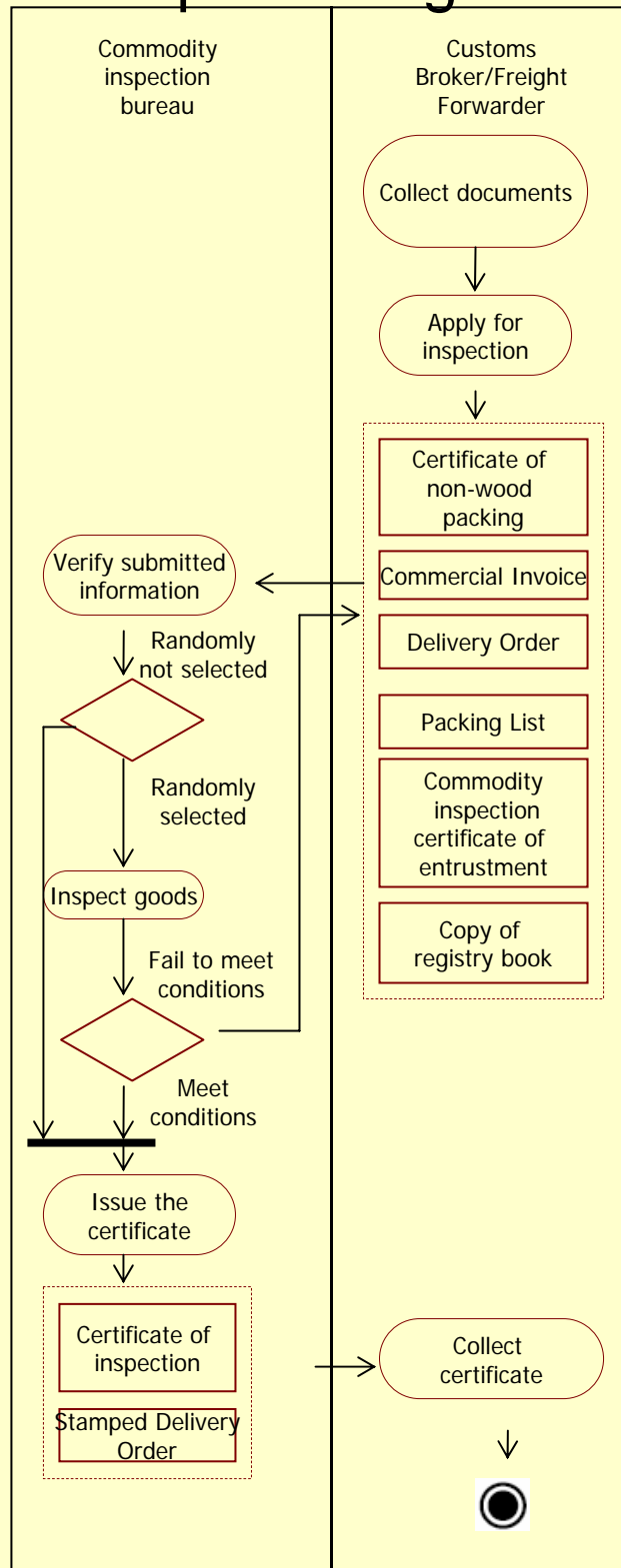
2.2 Prepare documents



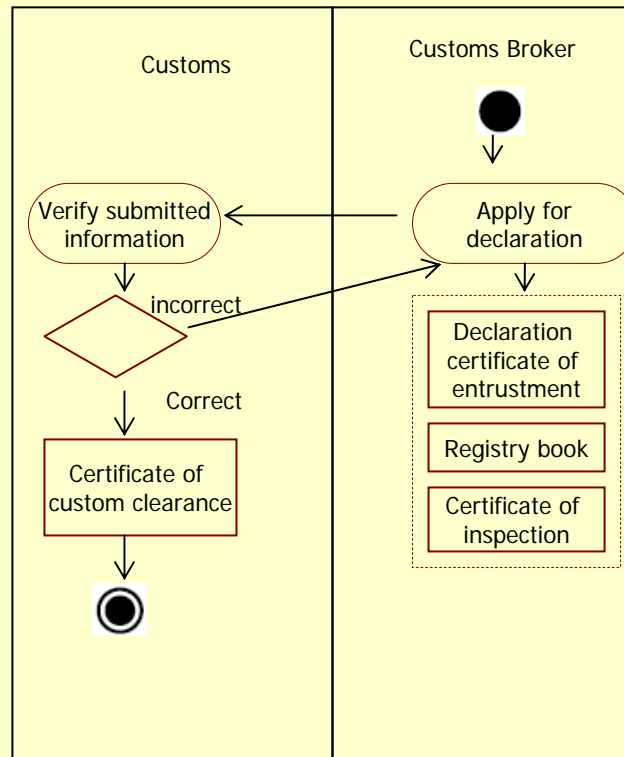
2.3 Switch for Delivery Order



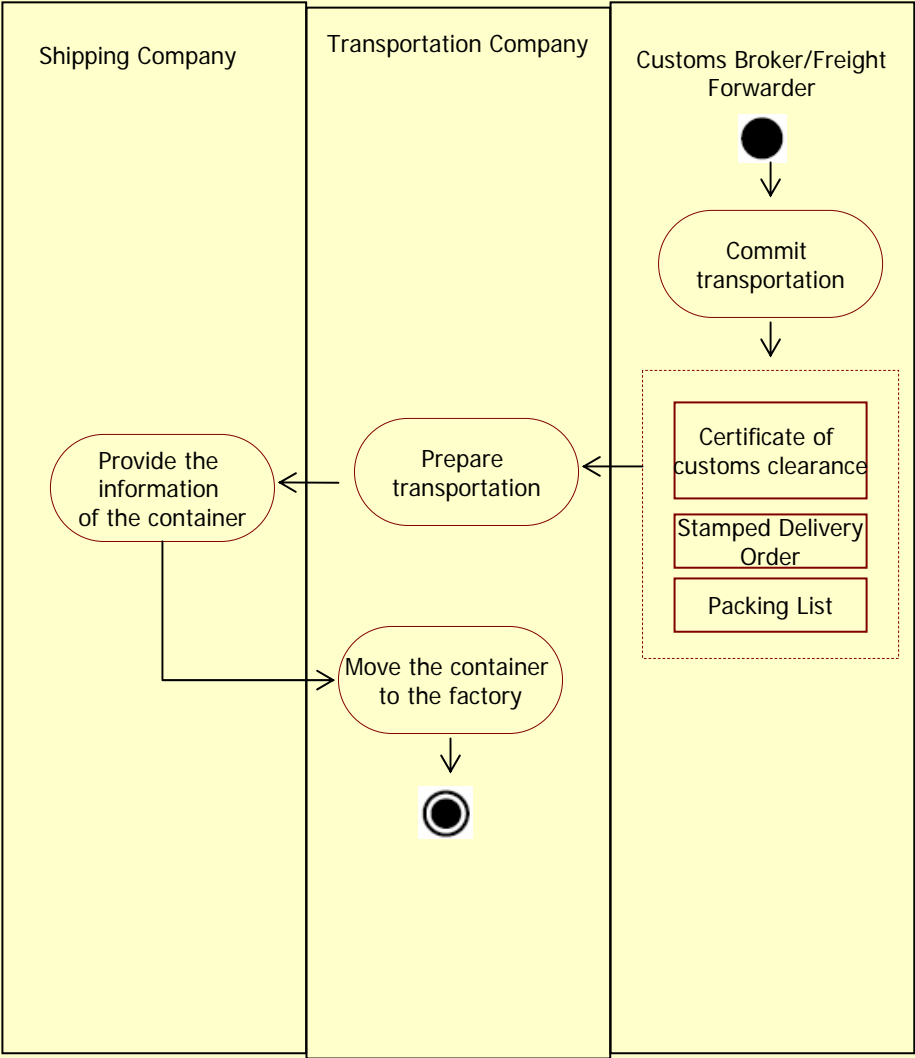
2.4 Inspect the goods



2.5 Clear goods through customs

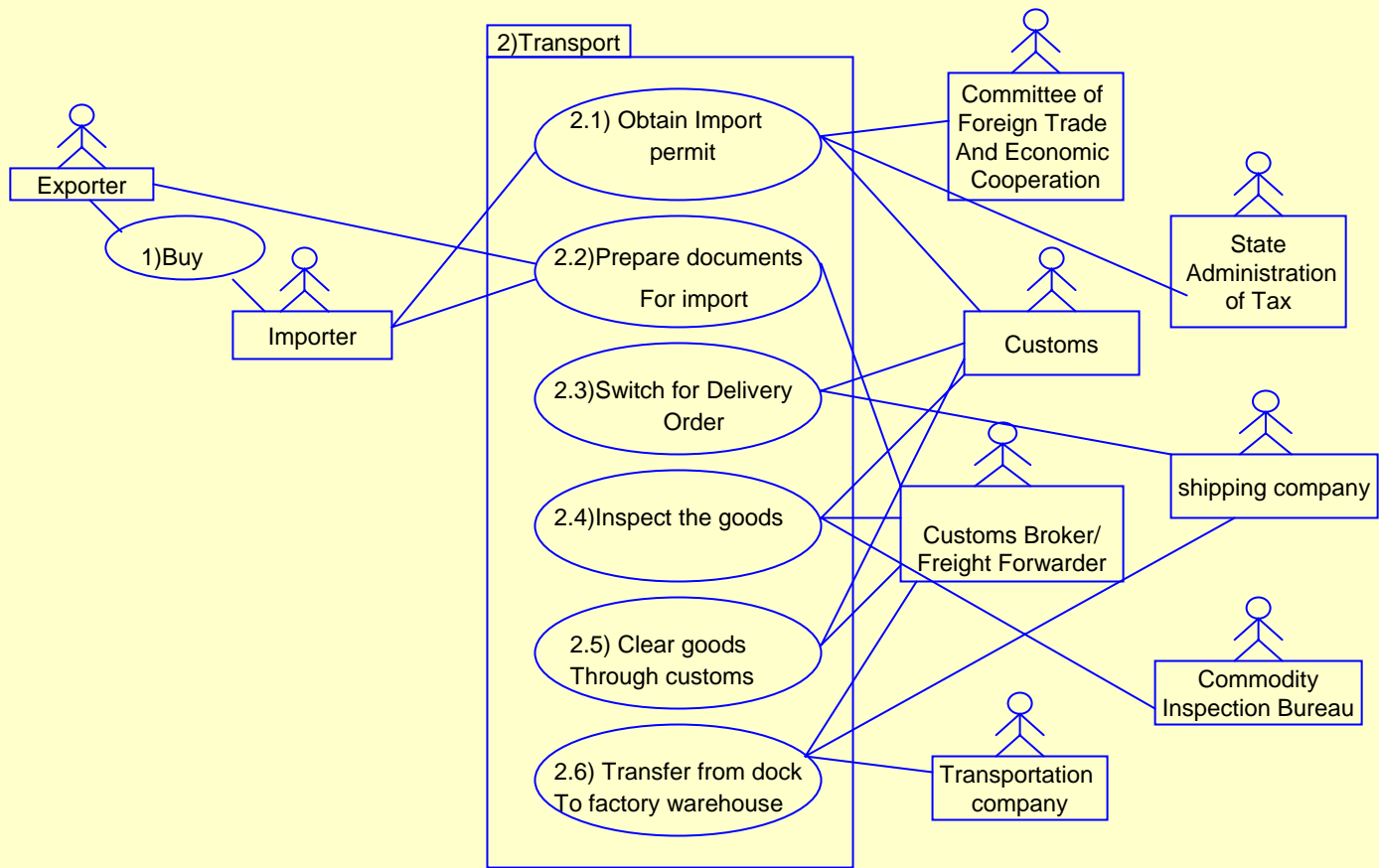


2.6 Transport from dock to factory warehouse

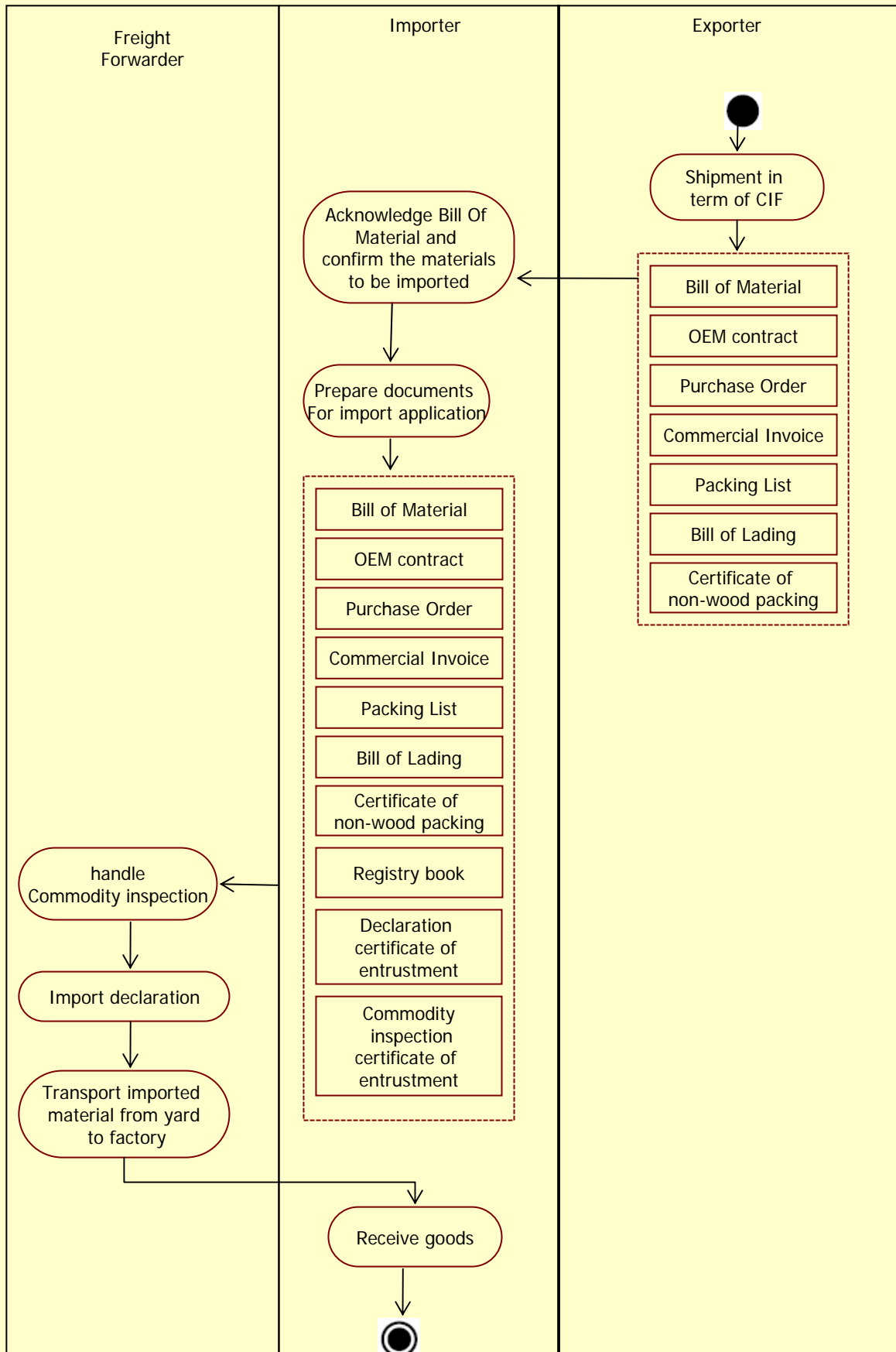


Appendix 5

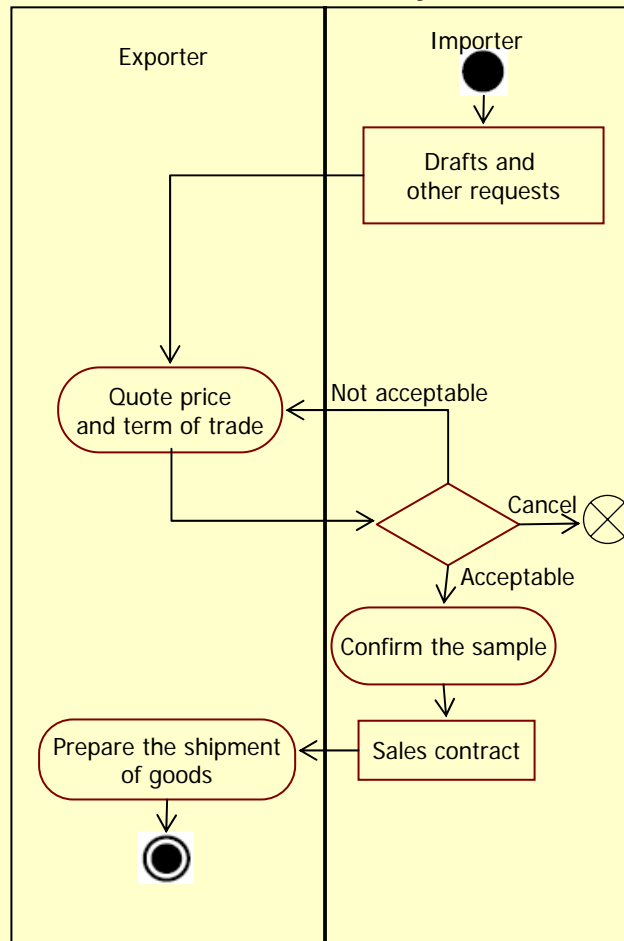
Business Processes of Auto Parts import from Japan



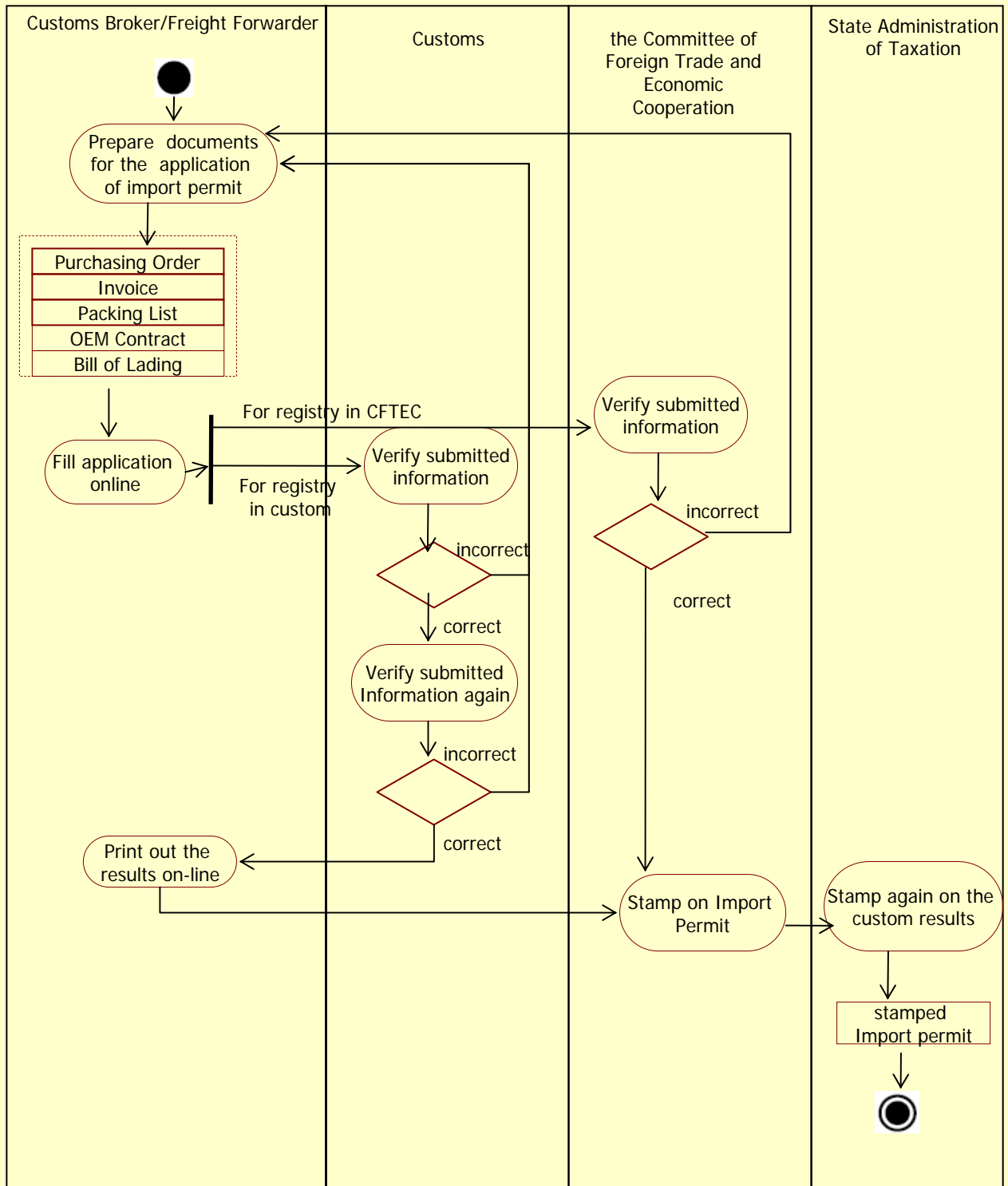
Overview of OEM import flow via Freight Forwarder



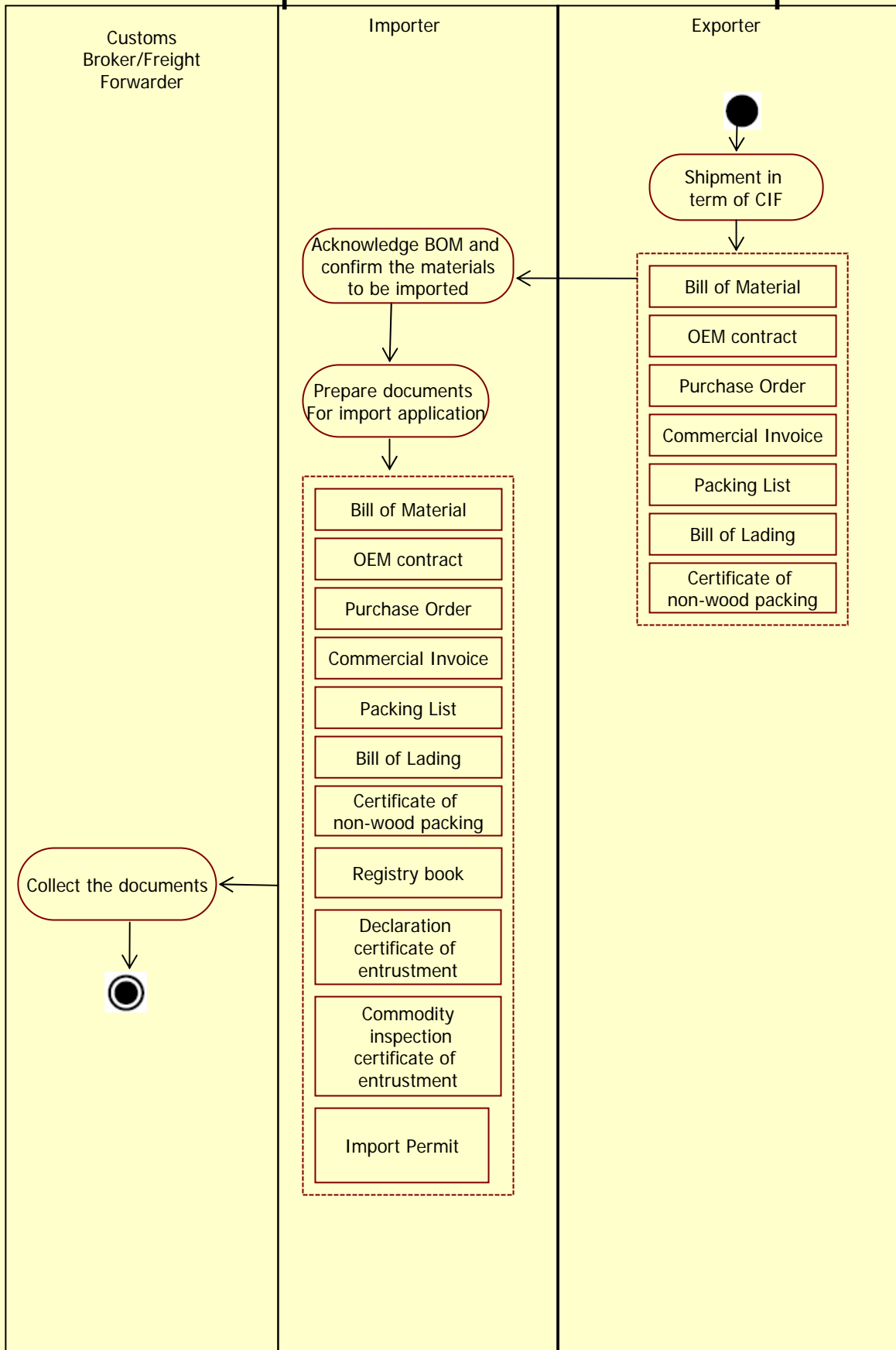
1. Buy



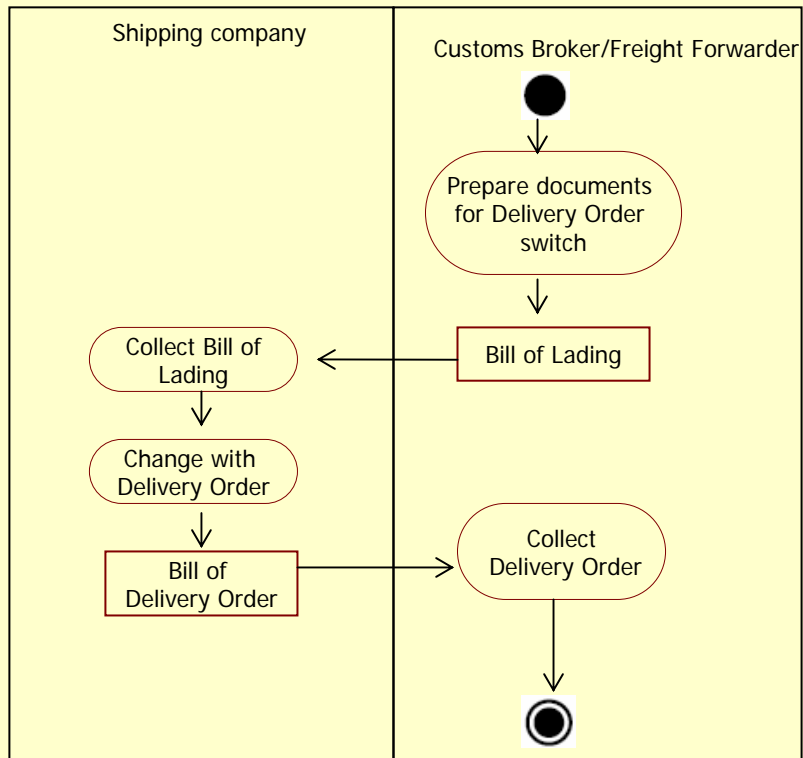
2.1 Obtain Import Permit



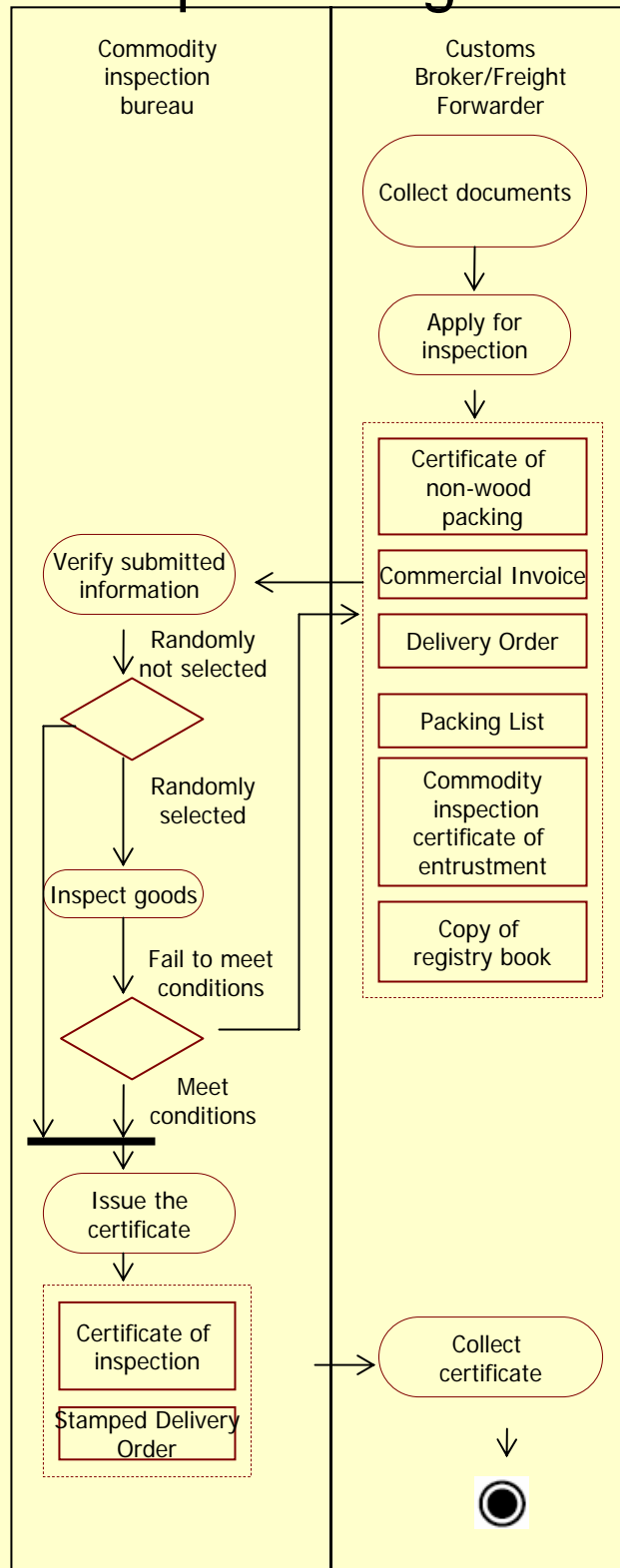
2.2 Prepare documents for import



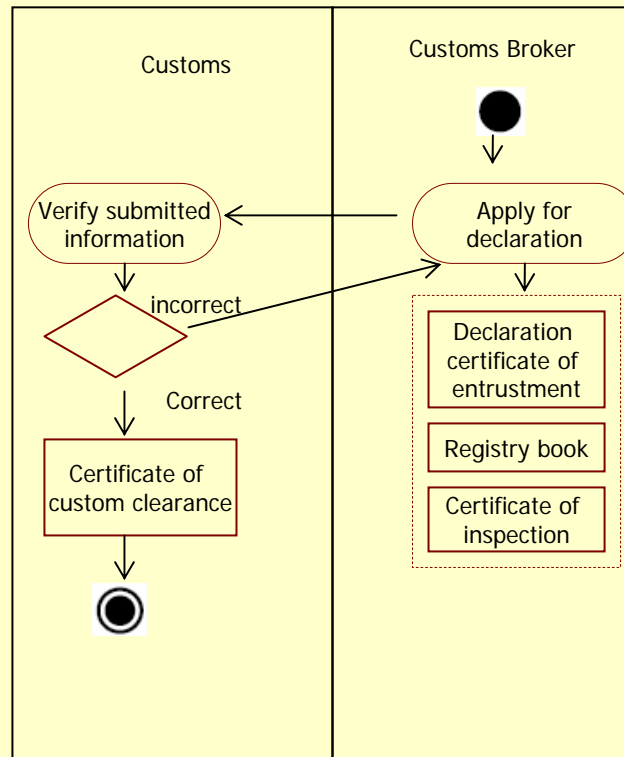
2.3 Switch for Delivery Order



2.4 Inspect the goods



2.5 Clear goods through customs



2.6 Transport from dock to factory warehouse

