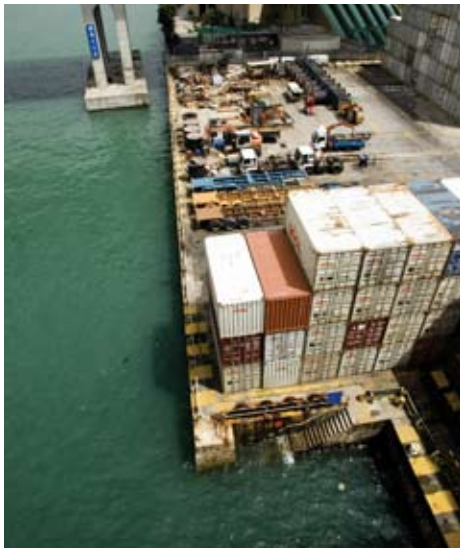


New Advance Manifest Rule

Order No.172 of General Administration of Customs (GAC) <Administrative Measures of the Customs of the People's Republic of China for Manifests of Inbound and Outbound Means of Transportation>.



A new rule for advance manifest for the inbound and outbound movement of goods will take effect on 1 January 2009. This Alert summarises the main aspects of the new rule.

Background

1. Trade volume expansion and global logistics development

With the rapid expansion of China's foreign trade volume and continuing development of international logistics, China Customs is facing new challenges in administering import/export manifests. At the same time, the operational methods under different transportation means (sea, air, railway, landway, etc.) vary greatly and Customs' supervision requirements are not consistent,

sometimes, even within the same customs jurisdiction. The need to formulate a unified regulation for manifest management is necessary.

2. Customs operational reform and development

The General Administration of Customs (GAC) formulated the <The Second-step Development Strategy of Modern Customs Operation System> which stressed the need to promote a modern customs system, based on the establishment of risk management. Risk management requires a large amount of first-hand data, especially data from the third-parties that can be cross referenced to the customs declaration data. Most of the basic data provided by third-parties is an output from various

points of the supply-chain. They must rely on the manifest to identify, conform, integrate, and verify data.

3. Supply-chain security and trade compliance

Enhancing supply-chain security and ensuring trade compliance are two main global trade subjects. In June 2005, the World Customs Organization approved the <Global Trade Security and Facilitation Standards Framework> (hereinafter referred to as “Framework”). Data transmission through electronic manifests in advance is an important part of the “Framework”. It is therefore essential that GAC Order 172 contributes to the implementation of the Framework.

Regulation explanation

Parties who have the obligation to transmit electronic manifest data (hereinafter referred to as “manifest transmission parties”) including operators of inbound

and outbound transportation vehicles, non-vessel operating common carrier (NVOCC), freight forwarders, shipping agency companies, postal enterprises and express delivery operators, should transmit electronic manifest data to Customs within the set time limits.

According to GAC Order 172, the responsibility of manifests data submission to Customs system should rest with on the carrier (i.e. steamship line or airline, etc.), NVOCC, or freight forwarder (but not consignor or consignee). Article 4 specifies the data submission ownership.

The manifest data submission is one of the import/export declaration steps. Without manifest data submission, Customs import/export clearance cannot be performed. For example, the manifest of the ocean container freight needs to be submitted within 24 hours before loading onto the vessel for export, or within 24 before loading at the exporting port for imports. Article 9 of GAC Order 172 defines the deadline for manifest data submission. For detailed time frames for each transportation mode, please refer to the table below:

	Sea-freight		Airfreight	Railway	Landway
	Container	Non-container vessel			
Inbound	24 hours before loading	24 hours before arrival at the first destination port of call within the Customs boundary;	Flight time of no more than 4 hours: By the time of takeoff Flight time of more than 4 hours: 4 hours before arrival at the first destination port of call within the Customs boundary	2 hours before arrival at the first destination station of call within the Customs boundary	1 hour before arrival at the first destination station of call within the Customs boundary
Manifest transmission party should submit the secondary data of the original manifest to the Customs before the goods or articles arrive at the port of destination.					
Outbound	The manifest transmission party should submit the primary data of the pre-stowage manifest in electronic form to the Customs before shippers go through cargo declaration formalities. After the Customs has received the transmission of primary data of the pre-stowage manifest, the manifest transmission party should transmit the secondary data of the pre-stowage manifest to the Customs within:				
	24 hours before loading.	2 hours before loading;	4 hours before loading;	2 hours before loading; and	1 hour before loading.

To ensure the goods are quickly cleared by Customs, consignors need to ensure logistics service providers comply with the new rule in order to ensure compliance, cost avoidance, and delivery efficiency. The main reporting tasks associated with advanced manifests should be performed by parties who owns or operates the vehicles or forwards the cargo.

To guide implementation of the new rule, we expect that the GAC will announce more detailed implementation measures before 1 January 2009.

Impact and reaction

Although this new regulation is aimed to improve the data quality of manifest by managing the behavior of the manifest transmission party, there is still significant impact for consignees and consignors that import and export goods:

1. Coverage of manifest management is extended to railway and road. Any means of transportation will be under the supervision of Customs. For those companies who have railway and road transportation but lack experience on the manifest management, communicating with carriers and being well prepared before 1 January 2009 is recommended.
2. Timing of the manifest “primary data” and “secondary data” transmission is clearly prescribed in the new regulation. Consignors and consignees should more proactively coordinate with carriers on the shipment arrangements. Some consignors and consignees may have to adjust supply-chain planning from a lead time perspective in order to meet the timing requirements.
3. Poor quality of data will complicate the process of manifest amendment and may lead administrative punishment being imposed by Customs. This will impact the efficiency of the declaration at loading or discharge port. Consignors and consignees should assess the accuracy of existing data collection procedures and then make the necessary improvements on the data quality.
4. The “primary data” and “secondary data” of manifest should be evaluated and adjusted by Customs annually based on the actual operating environment and needs. Consignors and consignees may not be able to set permanent standard templates and databases for manifest data pulled from internal ERP system or transportation system (periodic review and amendment will be necessary). Proactive communication with Customs and timely updates by carriers will be essential for consignors and consignees consideration.

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