Provisions on the Administration of International Freight Forwarding Agencies of China (the PRC)

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Chapter I — General Provisions

Article 1 — These Provisions are formulated to standardize international freight forwarding agency activities, safeguard the lawful rights and interests of consignees and consignors of import and export goods and of international freight forwarding agency enterprises, and promote the development of foreign trade.

Article 2 — For the purposes of these Provisions, "international freight forwarding agency industry" means the industry that, upon entrustment by consignees or consignors of import and export goods, handles international freight transport and related business for the principal in the name of the principal or in its own name and collects service remuneration.

Article 3 — An international freight forwarding agency enterprise must lawfully obtain the qualification of an enterprise legal person of the People's Republic of China.

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Article 4 — The competent department of the State Council for foreign trade and economic cooperation is responsible for supervising and administering the international freight forwarding agency industry throughout the country.

The competent foreign trade and economic departments of the people's governments of provinces, autonomous regions, municipalities directly under the Central Government and special economic zones (hereinafter referred to as "local competent foreign trade departments") shall, in accordance with these Provisions and within the scope authorized by the competent department of the State Council for foreign trade and economic cooperation, be responsible for supervising and administering the international freight forwarding agency industry within their respective administrative regions.

Article 5 — Supervision and administration of the international freight forwarding agency industry shall follow these principles:

(1) adapting to the needs of foreign trade development and promoting the rational distribution of the international freight forwarding agency industry;

(2) protecting fair competition and promoting the improvement of service quality in the international freight forwarding agency industry.

Article 6 — Enterprises engaging in international freight forwarding agency business shall comply with the laws and administrative regulations of the People's Republic of China and accept supervision and administration exercised by the relevant industry competent authorities in accordance with the relevant laws and administrative regulations.

Chapter II — Conditions for Establishment

Article 7 — An international freight forwarding agency enterprise established in light of its industry characteristics shall meet the following conditions:

(1) has professional personnel commensurate with the international freight forwarding agency business it engages in;

(2) has fixed business premises and necessary business facilities;

(3) has stable markets for sources of import and export goods.

Article 8 — The minimum registered capital of an international freight forwarding agency enterprise shall meet the following requirements:

(1) for operating maritime international freight forwarding agency business, the minimum registered capital is RMB 5 million;

(2) for operating air international freight forwarding agency business, the minimum registered capital is RMB 3 million;

(3) for operating land international freight forwarding agency business or international express delivery business, the minimum registered capital is RMB 2 million.

Where an enterprise operates two or more of the above categories of business, the minimum registered capital shall be the highest limit among them.

For each branch office established by an international freight forwarding agency enterprise to engage in international freight forwarding agency business, the registered capital shall be increased by RMB 500,000.

Chapter III — Approval Procedures

Article 9 — To apply for the establishment of an international freight forwarding agency enterprise, the applicant shall file an application with the local competent foreign trade department at the place where the

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enterprise is to be established; after the local competent foreign trade department puts forward its opinion, the application shall be forwarded to the competent department of the State Council for foreign trade and economic cooperation for examination and approval.

A directly-affiliated enterprise of a State Council department located in Beijing that applies to establish an international freight forwarding agency enterprise in Beijing may file the application directly with the competent department of the State Council for foreign trade and economic cooperation, which shall conduct examination and approval.

Article 10 — To apply for the establishment of an international freight forwarding agency enterprise, the following documents shall be submitted:

(1) a written application;

(2) the draft articles of association;

(3) the names, positions and identity certificates of the responsible persons and major business personnel;

(4) creditworthiness certificates and information on business facilities;

(5) other documents prescribed by the competent department of the State Council for foreign trade and economic cooperation.

Article 11 — The local competent foreign trade department shall, within 45 days from the date of receipt of the application and other documents for the establishment of an international freight forwarding agency enterprise, put forward its opinion and forward it to the competent department of the State Council for foreign trade and economic cooperation.

The competent department of the State Council for foreign trade and economic cooperation shall, within 45 days from the date of receipt of the application and other documents for the establishment of an international freight forwarding agency enterprise, decide to approve or disapprove; for an international freight forwarding agency enterprise whose establishment is approved, an approval certificate shall be issued.

Article 12 — An international freight forwarding agency enterprise shall, on the strength of the approval certificate issued by the competent department of the State Council for foreign trade and economic cooperation and in accordance with the relevant laws and administrative regulations, complete the enterprise registration and tax registration formalities.

Article 13 — Where an applicant fails to commence business within 180 days from the date of receipt of the approval certificate without a proper reason, the competent department of the State Council for foreign trade and economic cooperation shall revoke the approval certificate.

Article 14 — The validity period of the approval certificate is three years.

Where an international freight forwarding agency enterprise needs to continue engaging in international freight forwarding agency business upon expiry of the validity period of the approval certificate, it shall apply to the competent department of the State Council for foreign trade and economic cooperation for renewal of the approval certificate 30 days before the expiry of the validity period of the approval certificate.

Where an international freight forwarding agency enterprise fails to apply for renewal of the approval certificate in accordance with the preceding paragraph, its qualification to engage in international freight forwarding agency business shall automatically lapse upon expiry of the validity period of the approval certificate.

Article 15 — Where an international freight forwarding agency enterprise terminates business, it shall, in accordance with the approval procedure for establishment applications set forth in Article 9 of these Provisions, report to the local competent foreign trade department at the place where it is located or to the competent department of the State Council for foreign trade and economic cooperation and surrender the

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approval certificate.

Article 16 — An international freight forwarding agency enterprise applying to establish a branch office engaging in international freight forwarding agency business shall complete the formalities in accordance with the procedures set forth in this Chapter.

Chapter IV — Business

Article 17 — An international freight forwarding agency enterprise may accept entrustment to handle, on behalf of the principal, some or all of the following business:

(1) booking of shipping space and warehousing;

(2) supervision of loading and unloading of goods, and consolidation and deconsolidation of containers;

(3) international multimodal transport;

(4) international express delivery, excluding private correspondence;

(5) customs declaration, inspection declaration, verification declaration and insurance;

(6) preparation of relevant documents, payment of freight, and settlement and payment of miscellaneous charges;

(7) other international freight forwarding agency business.

An international freight forwarding agency enterprise shall conduct business activities within the approved scope of business. Where engaging in the relevant business set forth in the preceding paragraph requires registration with the relevant competent authority in accordance with the relevant laws and administrative regulations, it shall also register with the relevant competent authority.

International freight forwarding agency enterprises may also entrust one another to handle the business set forth in paragraph 1 of this Article.

Article 18 — An international freight forwarding agency enterprise shall follow the business policy of safety, speed, accuracy, economy and convenience, and provide services to consignees and consignors of import and export goods.

Article 19 — An international freight forwarding agency enterprise must determine its charging standards in accordance with the relevant provisions of the State and make them public at its business premises.

Article 20 — An international freight forwarding agency enterprise engaging in international freight forwarding agency business must use invoices approved by the tax authorities.

Article 21 — An international freight forwarding agency enterprise shall, before the end of March each year, submit to the local competent foreign trade department at the place where it is located the operating information for the previous year.

Article 22 — An international freight forwarding agency enterprise may not commit the following acts:

(1) conducting business activities by means of unfair competition;

(2) lending, leasing or transferring the approval certificate and the relevant international freight forwarding agency business documents.

Chapter V — Penalty Provisions

Article 23 — Where an international freight forwarding agency enterprise violates Articles 19 or 21 of these Provisions, the competent department of the State Council for foreign trade and economic cooperation shall give a warning and order correction within a specified time limit; where correction is not made within the time

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limit, the approval certificate may be revoked.

Article 24 — Where an international freight forwarding agency enterprise violates paragraph 2 of Article 17, Article 20, or Article 22 of these Provisions, the competent department of the State Council for foreign trade and economic cooperation shall give a warning and order suspension of business for rectification up to revocation of the approval certificate; the relevant competent authorities such as the industrial and commercial administration, customs and tax authorities may also impose penalties in accordance with the relevant laws and administrative regulations.

Article 25 — Where a person engages in international freight forwarding agency business as set forth in Article 17 of these Provisions without authorization in violation of these Provisions, the competent department of the State Council for foreign trade and economic cooperation shall ban the illegal business activities, and the industrial and commercial administrative authorities shall impose penalties in accordance with the relevant laws and administrative regulations.

Article 26 — Where an act in violation of these Provisions constitutes a crime, criminal liability shall be pursued in accordance with law.

Chapter VI — Supplementary Provisions

Article 27 — International freight forwarding agency enterprises may lawfully establish an international freight forwarding agency industry association, which shall coordinate and guide its members and provide services in accordance with its articles of association.

Article 28 — These Provisions shall come into force as of the date of promulgation.

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