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MULTIMODAL TRANSPORT INSTITUTE (MTI)
Working Group Sea Transport

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To : **NATIONAL ASSOCIATIONS**

cc : Extended Board
: Multimodal Transport Institute (MTI)
: Working Group Sea Transport
: CLECAT

From : Kersten Ohl, Manager of the Institute

Subject : **Regulations of the People's Republic of China on International Maritime Transportation / Implementing Rules**

Dear Madam or Sir,

As you are aware, the State Council of the People's Republic of China passed Regulations on International Maritime Transport in December 2002 having been drafted by the Ministry of Communications (MOC) in China. The Regulations came into force on 1 January 2002, but were not applied due to the unavailability of rules for their implementation. This situation has now changed. The Implementing Rules, issued in February 2003, of which FIATA received the official English translation end of March, have been applied as of 1 March 2003.

A summary of the most significant points may be useful.

Scope of application

Besides on the liner shipping industry, the Regulations are also applied on freight forwarders acting as marine carriers in Chinese import and export trades (NVOCs). NOVC freight forwarders not based in the People's Republic of China are principally covered by the Regulations if they are doing business in China. Other industries the Regulations cover are auxiliary industries to maritime transport, such as vessel agents, ship management-, cargo handling and storage companies.

Requirements for NVOC freight Forwarders

According to the Regulations, an NVOC freight forwarder is required to file its bill of lading with the competent communication department of the State Council in China. NVOC freight forwarders must additionally submit a guarantee fund to a bank account in China of normally 800'000 CNY (equivalent of approx. 90'000 EUR or 97'000 USD) and 200'000 CNY (equivalent of approx. 22'500 EUR or 24'000 USD) for each branch office shipping goods to and from China. The Implementing Rules do however exempt non-Chinese NVOC freight forwarders from the requirement of financial deposit if they have posted a bond with a national authority, as for instance the Federal Maritime Commission in the USA.

Foreign NVOC freight forwarders have to file a point of contact in China with the MOC, which can either be an appointed agent in China acting China for and on their behalf, a joint venture with a Chinese enterprise, or a foreign invested enterprise.

The Regulations and the Implementing Rules include provisions for registration and examination as well as for foreign investments.

Among other things, the Regulations of the People's Republic of China also require NVOC freight forwarders (and vessel carriers) to file published rates (tariff rates) and negotiated rates (service contract rates). In its Implementing Rules MOC does however not provide a clarification whether the requirement to file rates does still apply.

The English translations of the Regulations People's Republic of China on International Maritime Transportation as well as of the pertaining Implementing Rules are enclosed. As the Implementing Rules are currently available in hard copy only, they had to be scanned which diminished the quality of the script when printed out. In case of need, hard copies of the Implementing Rules can be obtained from the FIATA Secretariat on request. For technical reason, the Implementing Rules have to be sent in three parts.

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