

China's Cross-Border E-Commerce: Your Gateway to the Chinese Market

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A Favorable Entry Point

Cross-Border E-Commerce (hereafter CBEC) import model has been significantly expanding in the recent years as it represents a favorable entry point into the Chinese market for EU SMEs.

According to Fung Business Intelligence^[1], the transaction value of CBEC retail market reached 111.3 billion RMB in 2017 and is expected to grow up to 350 billion RMB by 2020. In an article by China Daily^[2] it is stated the European Union is one of the main suppliers of imported consumers goods to China, holding the largest share that accounts for 39.7 percent of China's total consumer goods imports.

Legal Framework

In fact, the Chinese government has been quite supportive towards such trading model and through the years has issued policies in order to regulate it. These regulations started from an initial notice in 2013 confirming that e-commerce retail import through bonded warehouse would be treated as personal articles (i.e. subject to the Postal Article Supervision System^[3]), and have gone as far as the introduction of new measures in 2016 that equated the status of retail imports to general trade goods. Moreover, these new measures included a preferential tax policy as well as the release of a List of Goods under CBEC Retail Import, which includes a total of 1240 entries authorised to be imported via CBEC.

This led to the publication – on August 31st, 2018 – of the “Electronic Commerce Law of the People’s Republic of China” (hereafter The Law). The Law came into effect on January 1st, 2019 and is the first law concerning e-commerce that addresses contracts, dispute resolution, product liability, IP which also provides general directions for CBEC.

Furthermore, a series of policies were released with the aim of regulating imports through CBEC of which the Notice No 486 [2018] and the List of Goods under CBEC Retail Import (2018) (hereafter the List) are of attention.

The List (2018) includes 1321 HS Codes that are authorised to be imported, all those categories that are not included in the list are excluded from CBEC. An English version of the list can be downloaded [here](#).

Preferential Tax Policy

Products imported via CBEC enjoy a preferential tax policy. If the transaction of imported products does not exceed 26,000 RMB on an annual basis, for products which value is not higher than 5,000 RMB, the import tariff is 0% and the VAT and consumption tax enjoy a 30% exemption.

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CBEC model is still to be considered as a new model and the concerning policies are constantly being formulated. It is important for EU SMEs to closely follow the changes and to liaise with the EU SME Centre experts for any specific inquiry.

The Centre has produced a **Guideline on Cross-Border E-Commerce** which describes the legal aspects regarding the offering and sale of goods and services to the Chinese market.

Despite titled “e-commerce”, this Guideline primarily focuses on the areas of market access policies and special license/permit requirements for carrying out e-commerce to or within mainland China, instead of discussing relevant regulatory requirements and obligations applicable to the operation of e-commerce as introduced by the new issued PRC E-Commerce Law at length.

You can read more about the content of the guideline [here](#).

[1]Revisiting Cross-border Import E-Commerce

[2]China Becomes world's biggest importer of e-commerce goods, November 2018;

[3]China has three customs supervisions systems pertinent to imported goods into China: a) General Trade Supervision System, b) Postal Article Supervision System, c) Supervision System n Retail Import through e-commerce (Retail Import Supervision System), EU SME Centre Guideline on Cross-Border E-Commerce in China