

## **The Revised Measures on Administration of Foreign-funded International Forwarding Agent**

Article 1 These measures are formulated in accordance with laws and regulations relating to foreign-funded enterprises and Regulations for Administration of International Forwarding Agent of the People's Republic of China for the purposed of promoting the healthy development of Chinese international forwarding agent trade, regulating the activities of establishment and operation of foreign-funded international forwarding agent.

Article 2 Foreign-funded international forwarding agent in terms of these measures means foreign-funded enterprises established by foreign investors in the form of Chinese-foreign joint venture, Chinese-foreign cooperation and foreign-owned enterprises accepting the trust of consignee and consignor for importing and exporting goods, and handling international forwarding and relative business for the trustor on behalf of trustors' name or their own names and collecting payment for the service (foreign-funded international forwarding agent in short below) .

Article 3 The Ministry of Commerce is responsible for the examination, approval and administration of foreign investors establishing international forwarding agent engaged in international express business. Foreign investors establishing international forwarding agent engaged in other business is examined, approved and administrated by the competent commercial departments of provinces, autonomous regions, municipalities under the Central government and cities specifically designated in the state plan and as well as Xinjiang Production and Construction Corps (hereinafter referred to as "provincial commercial departments") .

For the foreign-funded international forwarding agents established before the implementation of these measures, if they are not engaged in international express business, the change and other issues will be handled by provincial commercial departments in the registration area.

Article 4 Foreign-funded international forwarding agents should abide by the laws, regulations and relative rules of the People's Republic of China. Their legitimate business operations and lawful rights and interests should be protected by Chinese law.

Article 5 Foreign investors may establish foreign-funded international forwarding agent in the territory of China by joint venture or cooperation.

It is allowed to establish foreign-funded international forwarding agent as of December 11, 2005.

Foreign investors may purchase established international forwarding agent in the form of buying stock ownership, but the proportion of stock ownership and the investors qualifications should meet with the requirements of these measures. Those relating state-owned property should be handled in accordance with relative laws, regulations and rules.

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Article 6 The lowest norm of registered capital for establishing a foreign-funded international forwarding agent is 1 million USD. Since December 11, 2005, national treatment will be performed for above lowest request of registered capital.

Article 7 Foreign-funded international forwarding agent may carry out parts or all of following businesses with approval:

1. Booking cargo space (chartering ship, plane and cargo space), forwarding, storing and packing;
2. Supervision of goods loading and unloading, container assembling and deconsolidation, allocating, transferring and other related short distance transportation service;
3. Declaring at customs, reporting for examination, inspection and insurance as an agent;
4. Filling related bills, paying freight, settling accounts and paying miscellaneous expenses;
5. Forwarding agent for international exhibits, private goods and trans-frontier goods;
6. International multi-modal transportation and centralized transportation (including container consolidation);
7. International express (excluding the business of delivering private letters and official documents of the organs of Party, government and armed forces at the level of higher than county);
8. Consultation and other business relating to international forwarding agent.

Article 8 The enterprises being engaged in international express business relating to letters and postal articles (excluding the business relating to delivering private letters and official documents of the organs of Party, government and armed forces at the level of higher than county) should go through postal trust formalities in postal offices after consulting with the competent commercial department and obtaining the approval.

Article 9 Whoever establishes foreign-funded international forwarding agent should submit the materials stipulated in Article 10 to the competent provincial commercial departments in accordance with the procedures stipulated by current laws, regulations and rules of the state relating to foreign-funded enterprises.

Provincial commercial departments should make the decision whether or not to approve the application within 30 days at the receipt of all application materials and issue Approval Certificate for Foreign-funded Enterprises to the approved enterprises, and give reasons by writing to those that do not obtained the approval. According to Article 3 of these regulations and other laws and regulations relating to foreign investment, if it is beyond the limits of jurisdiction of competent provincial commercial departments, provincial commercial departments should submit all the application materials to the Ministry of Commerce within 15 days at the receipt of them after preliminary examination.

The Ministry of Commerce should make the decision of approval or not within 60 days at the

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receipt of all submitted materials. Approval Certificate for Foreign-funded Enterprises should be issued to the one whose application is approved after examination. Reasons should be given by writing to the one whose application is not approved.

Article 10 Following materials should be provided for establishing foreign-funded international forwarding agent:

1. Application;
2. Project feasibility study report;
3. Contract and rules of the enterprises establishing foreign-funded international forwarding agent, only rules needs to be provided for establishing an international forwarding agent of foreign exclusive ownership;
4. Name list of members of board of directors and appointment letters for the directors from all parties;
5. Notice of pre-verification of enterprise name issued by industrial and commercial administrations;
6. Registration and credit certificate of the country or area the investor is located in.

Article 11 Foreign-funded international forwarding agent may apply for establishing branches in other internal areas after begging the business for a whole year and all registered capital being in place. The business scope of the branches should be within the business scope of the head company. The civil liability of the branches should be born by the head company.

Foreign-funded international forwarding agent should add registered capital at least 500 thousand Chinese yuan (RMB) for establishing one branch being engaged in international forwarding agent business. If the registered capital has exceeded the lowest norm, the exceeded part may be put into the incremental capital for establishing the company.

Article 12 Whoever applies for establishing a branch should make an application to the competent provincial commercial department in the area where the head company is located and approved by above provincial commercial department after seeking for the opinions of the competent provincial commercial department in the area where the branch to be established. According to Article 3 of these regulations and other laws and regulations relating to foreign investment, if it is beyond the approval limits of jurisdiction of competent provincial commercial department, the competent provincial commercial department should submit all the application materials and the approval letter of the competent provincial commercial department in the area where the branch will be established to the Ministry of Commerce after preliminary examination. The Ministry of Commerce is responsible for the examination and approval. The procedures and time limit for the examination and approval is as the same as Article 9.

Article 13 Following materials should be provided for foreign-funded international forwarding agent to establish a branch:

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1. Application;
2. The resolution of the board of directors;
3. If amount of capital is added, it needs to submit the resolution of the board of directors about adding capital and the revised agreement of joint contract and regulations. International forwarding agent of foreign exclusive ownership only needs to provide revised agreement for the regulations.
4. Enterprise capital check report.

Article 14 Encouraging foreign-funded international forwarding agent to take part in China International Freight Forwarders Association, China Association of Enterprises with Foreign Investment and other civil communities and trade associations, and accept trade supervision and guidance consciously.

Article 15 It should be handled according to these regulations for the companies, enterprises, other economic organizations and privates in Hong Kong, Macao and Taiwan to establish international forwarding agent.

Article 16 It should be handled according to these regulations for foreign-funded enterprises to applying for adding the business of international forwarding agent.

Article 17 The record for foreign-funded international forwarding agent is uniformly handled by the Ministry of Commerce. The concrete issues will be informed by the Ministry of Commerce separately.

Article 18 The interpretation of these measures is vested in the Ministry of Commerce.

Article 19 These measures will go into effect on December 11, 2005. Former Measures on Administration of Foreign-funded International Forwarding Agent (Decree No. 36 [2002] of Ministry of Foreign Trade and Economic Cooperation) and Measures on Supplementary Regulations of Administration of Foreign-funded International Forwarding Agent (Decree No. 12 [2003] of Ministry of Commerce shall be nullified correspondingly.

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