

the State shall not be allowed to enter or leave bonded zones.

Chapter II Supervision and Control over Goods Moving Between Bonded Zones and Places Outside the Territory

Article 9 The Customs shall carry out simple and effective supervision and control over goods moving between bonded zones and places outside the territory.

Article 10 Goods moving between bonded zones and places outside the territory shall be recorded with the Customs by the consignee, consignor or its agent.

Article 11 Except for those subject to passive export quota control, goods moving between bonded zones and places outside the territory shall not be subject to import and export quota and licensing control.

Article 12 Import Customs duties and taxes at the importation on goods entering the bonded zones from places outside the territory, except for those otherwise provided for by laws and regulations, shall be dealt with in accordance with the following provisions:

(1) Machines, equipment and other goods and materials needed for productive infrastructure construction projects in bonded zones shall be exempt from duties and taxes;

(2) Equipment for production and management, articles for office use in reasonable quantity and spare parts for maintenance, fuels for production, materials and equipment needed for the construction of production and storage facilities to be used by enterprises in the bonded zones, shall be exempt from duties and taxes;

(3) Equipment for management and articles for office use in reasonable quantity and spare parts for maintenance to be used by administrative bodies in the bonded zones shall be exempt from duties and taxes;

(4) Raw materials, spare parts, components and packaging materials needed by enterprises in the bonded zones for the processing of export goods shall be treated as bonded goods.

Goods or articles entering the bonded zones from places outside the territory other than those stipulated in Items (1) to (4) of the preceding paragraph shall be subject to duties and taxes according to law.

Transit goods and goods stored in bonded zones shall be treated as bonded goods.

Chapter III Supervision and Control over Goods Moving Between a Bonded Zone and Non-bonded Areas

Article 13 Goods entering non-bonded areas from a bonded zone shall have Customs formalities fulfilled as import goods; goods entering a bonded zone from non-bonded areas shall have Customs formalities fulfilled as export goods and export tax refunds shall be dealt with in accordance with the relevant provisions of the State.

The Customs shall carry out supervision and control over goods moving between a bonded zone and non-bonded areas in accordance with the relevant provisions of the State concerning administration of import and export.

Article 14 For machines, equipment, materials and articles for capital construction entering a bonded zone from non-bonded areas for use in the bonded zone, the unit that uses them shall submit to the Customs a list of these goods and articles which will be released upon Customs inspection.

Where import Customs duties and taxes at the importation on the goods and articles in the preceding paragraph have already been paid, such duties and taxes shall not be refunded.

Article 15 For goods in bonded zones that need to be imported or exported at ports not in bonded zones or goods in one bonded zone that are to be transported to another bonded zone, a written application shall be filed to the Customs in advance and after being approved by the Customs, those goods shall be dealt with in accordance with the provisions concerning Customs transit transportation and relevant provisions.

Chapter IV Supervision and Control over Goods in Bonded Zones

Article 16 Goods in bonded zones may be transferred or moved between enterprises in bonded zones; the two sides shall have the transfer and movement thereof recorded at the Customs.

Article 17 Transit goods in bonded zones may be simply processed by grading, selecting, marking and repackaging in warehouses or other places in bonded zones.

Article 18 Where enterprises in bonded zones hold activities exhibiting goods from places outside the territory or goods from non-bonded areas in the bonded zones, such goods on exhibition shall be subject to Customs supervision and control.

Chapter V Administration of Goods for Inward Processing in Bonded Zones

Article 19 Enterprises in bonded zones engaged in inward processing shall record with the Customs necessary materials and parts entering or leaving the bonded zones.

Article 20 Processing enterprises in bonded zones producing export products

(4) When accepting processing business entrusted by an enterprise in a non-bonded area, a processing enterprise in a bonded zone shall record with the Customs the materials and parts for entrusted processing. Accounts and records for materials, parts and products in entrusted processing and those of the enterprise in the bonded zone shall be kept separately and the two categories of materials and products shall be used separately. Fully processed products shall be transported back to the enterprise in a non-bonded area and the enterprise in the bonded zone shall close the case with the Customs.

Article 24 The Customs shall not implement the system of bank guarantee ledger for inward processing such as processing with imported materials or processing with customers' materials carried out by enterprises in bonded zones.

For inward processing entrusted to an enterprise in a non-bonded area, the enterprise in the non-bonded area shall register and record contracts with the local Customs offices and the system of bank guarantee ledger for inward processing shall be effectuated.

Chapter VI Supervision and Control over Means of Transport and Articles Carried by Individuals Entering or Leaving Bonded Zones

Article 25 Means of transport and persons entering or leaving the bonded zones shall pass through the special channels appointed by the Customs and accept Customs inspection.

Article 26 The person in charge of the means of transport entering or leaving a bonded zone shall fulfill formalities for registration and recordation with the Customs on the strength of the credentials approved by the competent authority of the bonded zone along with the list of the names, number and plate-numbers of the means of transport and the names of the drivers.

Article 27 Without the approval of the Customs, means of transport and persons from bonded zones to non-bonded areas shall not carry or take duty-free or tax-free goods and articles, bonded goods and products made of bonded materials and parts in bonded zones.

Chapter VII Supplementary Provisions

Article 28 Violation of the provisions of these Measures shall be dealt with by the Customs in accordance with the provisions of the Customs Law of the People's Republic of China and the Rules for the Implementation of Administrative Punishments Under the Customs Law of the People's Republic of China; if the

circumstances are serious, the Customs may withdraw the registration with the Customs by enterprises in bonded zones.

Article 29 The specific procedures for recordation mentioned in these Measures shall be formulated by the General Administration of Customs.

Article 30 These Measures shall come into effect as of the date of promulgation. Measures of the Customs of the People's Republic of China Concerning the Administration of the Goods, Means of Transport, and Articles Carried by Individuals to be Brought into or out of the Bonded Area Of Outer Gaoqiao in Shanghai shall be simultaneously null and void.