

FAR-E CO.,LTD.



CROSS BORDER E-COMMERCE IN CHINA



The growing trend of importing foreign goods on E-Commerce platforms in China are also resulting in the growth of cross-border logistics.

➤ **The number of imported goods must be consistent with the number of demand for goods for personal use. Cross Border E-Commerce are treated to a single tariff of 9.1% and the exception of Value Added Tax (VAT) in China.**

➤ **Goods prohibited from trade through Cross Border E-Commerce include Fresh Fruits, Fresh Meats and Pharmaceutical Products**



Since 2016, the People's Republic of China (PRC) announced a new legislation to facilitate Cross Border E-Commerce which aims to promote importing of foreign goods for Chinese consumers in a Business-to-Consumer (B2C) manner, and exclusively traded on E-Commerce Platform.

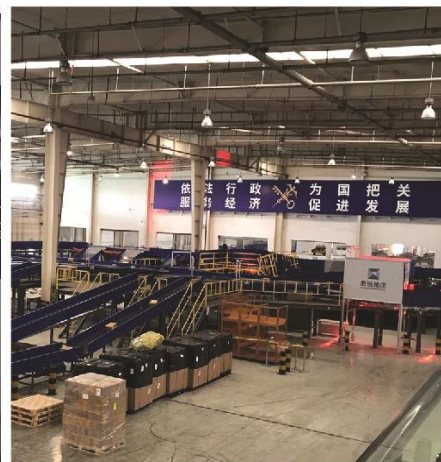


Since January 1st 2019, China has had a growing trend of promoting cross-bordering e-commerce

- This is by enacting new laws on the importation of foreign goods to be sold directly in China.

Therefore, all imported foreign goods sold on B2C and/or C2C Chinese E-Commerce Platform namely Taobao, JD, VIP Kaola, Pinduoduo ect. must comply to the Cross Border E-Commerce scheme's regulations.

Logistics Cross Border E-Commerce



Logistics provides information on the trend of Thai products to the Chinese market

Logistics Cross Border E-Commerce Platform



Fulfillment

- Repacking
- Data Stock

Thai Shipping

- Tracking System

China Custom

- Cross Border E-Commerce

Door to Door China

- China Logistics Partner

Legislation of Chinese Cross Border E-commerce

	Establishment of Business in China	China FDR registration/Listing	Product Label	Import Tariff	Quota per person per year
Regular E-Commerce (Domestic)	Compulsory, or must cooperate with a Chinese business with a permit for importing foreign goods into China	Needed to apply	Must be translated into Chinese and apply to product	Standard application following Chinese import regulations distinguished by types of goods	unlimited
Cross-Border E-Commerce (CBEC)	Business does not need to be established in China	Not needed	Not needed	Standard (CBEC) - 9.1% for regular goods - 17.9% - 28.9% for luxury goods	Chinese citizen may purchase goods, with the total transaction not exceeding 5,000 Yuan per round or not exceeding 26,000 per year

Legislation of Chinese Cross Border E-commerce

Terms and Conditions

- Goods must be registered with China customs detailing price, quality and dimensions.
- Goods must be paid via Union Pay Taobao or WeChat Pay
- An invoice detailing the name and ID number of the purchaser
- An invoice detailing international shipping, coherence details of the good's receiver and purchaser, and payment coordinator

Prohibited Items

- Fresh Food Items
- Fresh Fruits
- Fresh Meats
- Pharmaceutical products
- Flammable Objects
- Explicit-content Materials
- Religious-content Materials

Cross Border E-Commerce

Basic Information

- 1. In 2019, Thailand imported a total of 134,400 baht (THB) of Chinese products to be traded on E-Commerce Platform.**
- 2. 80% of goods from China enter Thailand via land borders, namely through Laos and Vietnam.**
- 3. 70% of purchasable goods on Lazada and Shopee E-Commerce Platform are set up and regulated by Chinese Businesses.**
- 4. There are direct purchases from Chinese platforms such as Taobao JD with the intent to launder money.**
- 5. There are records of goods from China imported via postal regulation, thereby falsely declaring the types of goods imported.**
- 6. Chinese logistic companies provide shipping services from the initial to final stage of transportation.**
- 7. No quality and traceability control of imported Chinese Goods**
- 8. Fierce competitions in pricing between various Chinese business that use Thai E-Commerce Platform.**

Development of the PRC's Cross Border E-Commerce legislation

- 1. Chinese citizens are able to purchase imported goods via B2C manner.**
- 2. Chinese Government can collect tax from trading activities on E-Commerce Platform worldwide.**
- 3. Chinese Government can regulate the quality of goods under the Cross Border E-Commerce scheme.**
- 4. The Chinese Government has access to information of product purchases through E-commerce worldwide.**
- 5. The Chinese Government regulate the outflow of yuan by controlling the purchase of goods with a limit of no more than 26,000 yuan a year.**
- 6. The conception of Business chains eg. Logistics Cross Border E-Commerce, Fulfillment Warehouse, Online Marketing Influencer, and E-Commerce services (JD Worldwide, TMall Global etc.)**

Map of Free Trade Zone in China



Import Routes Worldwide to China



MATICHON ONLINE

On March 21, Director-General of the Customs Department, Mr. Pachara Anantasil, revealed that the Minister of Finance, Mr. Arkhom Termpittayapaisith, has assigned the Customs Department to accelerate the study of ways to reduce the impact on Thai SMEs.

Currently, there are approximately 35 parcels imported from abroad. Million boxes are imported per year that are worth approximately 20,000 million baht, of which approximately 24 million boxes have a product value less than 1,500 baht. If there is a VAT collection, this will increase the government's income of approximately 700 million baht, which is not much compared to the annual income of nearly one hundred billion baht, but the key point is to help increase the equality of competition for Thai SMEs.

This helps to create competitive opportunities for the merchants and product manufacturers in Thailand to have more opportunities to sell products. From statistical records, it was found that Thais preferred to order products online from abroad and have them delivered by post because it's simply cheaper with no necessary tax paid. Thus, impacted domestic retailer and wholesale stores eventually disrupting the bulk of the business.

Thai Customs Department prepares to collect import tax on parcels below 1,500 baht to reduce impact on Thai SMEs

เศรษฐกิจ



**ศุลกากร เตรียมเก็บภาษีนำเข้าพัสดุ
ตบพ.ต่ำกว่า 1,500 บาท แก้ทุจริต-
สร้างความเป็นธรรมเอสเอ็มอีไทย**

วันที่ 21 มีนาคม 2564 - 18:02 น.