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GAIN Report

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China Cuts Import Tariffs for 730 Commodities on January 1

Report Categories:

Agricultural Situation

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Report Highlights:

On January 1, 2012, China will adopt temporary duties on a total of 730 commodities, including agricultural machinery, fertilizers, animal feed, infant formula, and frozen seafood. According to the Ministry of Finance, the move is largely aimed at boosting imports and reducing China's high inflation rate.

General Information:

On December 15, 2011, the Ministry of Finance announced on its web site that the Chinese Government will temporarily adopt lower import tariffs for a total of 730 commodities as of January 1, 2012. Once this measure is implemented, the average tariff will be 4.4 percent, which is 50 percent lower than the most-favored-nation (MFN) rate. According to the Ministry announcement, the purpose of this move is to increase imports to meet demand and reduce China's inflation rate. Local media report that lower tariffs on energy and natural resources, as well as inputs such as fertilizer, will have a cascading effect helping to reduce production costs for domestic industries that rely heavily on the world market for inputs, and eventually cooling down the high inflation rate. Local newspapers report that boosting imports has been upgraded to a national strategic policy, although there are reportedly disagreements between different ministries and state departments on specific measures.

The 730 commodities fall into five categories: 1) energy and resource products, including coal, coke, petroleum products, marble, granite, natural rubber, rare earth, copper, aluminum, and nickel; 2) key equipment and parts for emerging strategic industries such as high-tech equipment manufacturing, new generation of information technology, and automobiles using new energy sources; 3) agricultural production materials, including high-powered tractors, large harvest machinery, dairy processing equipment, ingredients for agriculture chemicals, fertilizer, and animal feed; 4) products for daily use, including frozen seafood, special infant formula, infant food, preparations for the care of skin, preparations for hair-dressing, table ware and chicken ware; and, 5) public health and sanitation products, including vaccine, serum, artificial cochlear, and X-ray film.

The tariff reductions should facilitate imports of some but not all agricultural products from the United States. For example, frozen plaice, for which the United States is the top supplier (\$203 million in January-November, 2011), is covered by the tariff reduction list, but frozen pacific salmon, the top US seafood export to China (\$241 million in January-November, 2011), is not included. Other agricultural exports covered by the tariff reduction, for which the U.S. is the top supplier, include whey and modified whey (\$159 million in January-November, 2011), food preparations (infant formula) (\$128 million in January-November, 2011), and feed preparations (\$36 million in January-November, 2011). Imports of pistachios, for which the United States is also the major supplier, may not be affected as China adopted a temporary tariff of five percent on pistachios in 2008 and has not changed the rate since then.

The Ministry of Finance did not indicate how long the temporary duties will stay in place. The reduced tariffs, however, will apply to all trading partners, unless they have entered a bilateral trade agreement with China, which may provide a more favorable tariff rate. The attached table covers agricultural commodities under this arrangement. A complete list of commodities can be found at the Ministry of Finance web site at <http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201112/P020111215536421856477.pdf>

Appendix: Temporary Import Tariff Table (agricultural commodities)

Temporary Import Tariff Table (agricultural commodities)

HS Code	Commodity	2012 MFN Tariff (%)	2012 Temporary Tariff (%)
01061211	Whale, dolphins and porpoises for pure-bred breeding; manatees and dugongs for pure-bred breeding	10	0
01064190	Oophagous trichogrammae	10	0
01064990	Predatory mite	10	0
03033110	Frozen Greenland halibut	10	5
03033200	Frozen plaice, excluding livers and roes	12	2
03035100	Frozen herrings, excluding livers and roes	10	2
03036300	Frozen cod, excluding livers and roes	10	2
04041000	Whey and modified whey	6	2
05119111	Fertilized fish eggs	12	0
08024190	Fresh or dried in-shell chestnuts	25	20
08024290	Fresh or dried shelled chestnuts	25	20
08025100	Fresh or dried in-shell pistachios	10	5
08025200	Fresh or dried shelled pistachios	10	5
08029020	Fresh or dried gingko nuts	25	20
12119036	Liquorice roots	6	0
12122190	Other edible seaweeds and algae	15	2
12122900	Other seaweeds and algae	15	2
13021200	Saps and extracts of liquorice	6	0
13021990	Matrine	20	3
15021000	Fats of bovine animals	8	4
15029000	Other fats of bovine animals	8	4
15119020	Palm stearin (cmelting point 50°C-56°C)	8	2
15200000	Glycerol, crude; glycerol waters and glycerol lyes	20	8
18010000	Cocoa beans, whole or broken, raw or roasted	8	2
19011000	Preparations for infant use, put up for retail sale	15	5
19019000	Malt extract and food preparations of flour, groats, meal, starch or malt extract not elsewhere specified or included	10	5
21069090	Lactoprotein partially hydrolyzed formula, lactoprotein deeply hydrolyzed formula, amino acid formulated special infant milk powder	20	10
22072000	Denatured ethyl alcohol or other spirits of any alcoholic strength	30	5
23099090	Other preparations used in animal feeding	6.5	4
24039100	Reconstituted tobacco	57	40
31031010	Triple superphosphates	4	1
31031090	Other superphosphates	4	1
31039000	Other mineral or chemical fertilizers, phosphatic	4	1
31042090	Other potassium chloride	3	1
31043000	Potassium sulphate	3	1

31049010	Carnallite, sylvite and other crude natural potassium salts	3	1
31049090	Other mineral or chemical fertilizers, potassic	3	1
31051000	Goods of Chapter 31 in tablets or similar forms or in packages of a gross weight not exceeding 10 kg	4	1
31054000	Ammonium dihydrogenorthophosphate and mixtures thereof with diammonium hydrogenorthophosphate	4	1
31055100	Fertilizers containing nitrates and phosphates	4	1
31055900	Other mineral or chemical fertilizers containing the two fertilizing elements nitrogen and phosphorus	4	1
31059000	Other fertilizers	4	1
35030010	Gelatin	12	5
35051000	Dextrins and other modified starches	12	6
40011000	Natural rubber latex	20	10% or RMB720/ton, whichever is lower
40012100	Smoked sheets	20	10% or RMB720/ton, whichever is lower
40012200	Technically specified natural rubber (TSNR)	20	10% or RMB720/ton, whichever is lower
41041111	Hides and skins of bovine animals, in the wet-blue state, full grains, unsplit or grain splits	7	3
41041911	Other hides and skins of bovine animals, in the wet-blue state	6	3
41041920	Other hides and skins of equine animals, in the wet state	7	5
41044100	Other hides and skins of bovine animals, in the dry state (crust)	5	3
41051010	Tanned or crust skins of sheep or lambs, in the wet-blue state	14	10
41062100	Tanned or crust skins of goats, in the wet-blue state	14	10
41063110	Tanned or crust skins of swine animals, in the wet-blue state	14	10
41071210	Whole hides and skins of bovine animals, further prepared after tanning or crusting, grain splits	8	6
52101100	Plain, unbleached cloth of cotton, mixed with other man-made fibers (light weight)	12	6
52101910	3-thread or 4-thread twill, unbleached cloth of cotton, mixed with other man-made fibers (light weight)	12	6
52101990	Other unbleached cloth of cotton, mixed with other man-made fibers (light weight)	12	6
52111100	Plain, unbleached cloth of cotton, mixed with other man-made fibers (heavy weight)	12	6
52111200	3-thread or 4-thread twill, unbleached cloth of cotton, mixed with other man-made fibers (heavy weight)	12	6
52111900	Other unbleached cloth of cotton, mixed with other man-made fibers (heavy weight)	12	6
52121100	Other unbleached light fabrics	12	6

52122100	Other unbleached heavy fabrics	12	6
53012100	Flax, broken or scotched	12	6
53013000	Flax tow and waste	12	6
53062000	Flax yarn, multiple (folded) or cabled	12	6