

China Cross-Border

Supply Chain Management Solutions



Export from China

Challenges of exporting directly from a non-bonded site in China

- **High export risk** – unsold or defective goods returned to the domestic supplier site will incur re-import taxes. This could be a significant cost for high-value products.
- **Inventory inflexibility** – due to high export risk and longer lead times, suppliers usually have to keep a large inventory to meet demand changes.
- **Exporter-Of-Record (EOR) and customs complexity** – all exporters in China are required to register with customs or have an EOR.
- **Tighter cash flow** – domestic manufacturers will not get their VAT refund until their products are exported. Cash flow problems may arise for build to stock models, especially VMI.

Benefits of using a warehouse in a free port/free trade zone for export



- ✓ **Lower export risk** – import duties in the destination country are only paid when goods are sold. No re-import taxes for returns to warehouse.
- ✓ **Lower inventory and greater flexibility** – postponement strategies can be employed at the warehouse before export.
- ✓ **Greater export efficiency** – faster lead times with streamlined customs clearance procedures at free trade zones and free ports.
- ✓ **Better cash flow** – domestic suppliers can receive immediate VAT refund upon arrival at the bonded warehouse.

Import to China

Challenges of importing directly into a non-bonded site in China

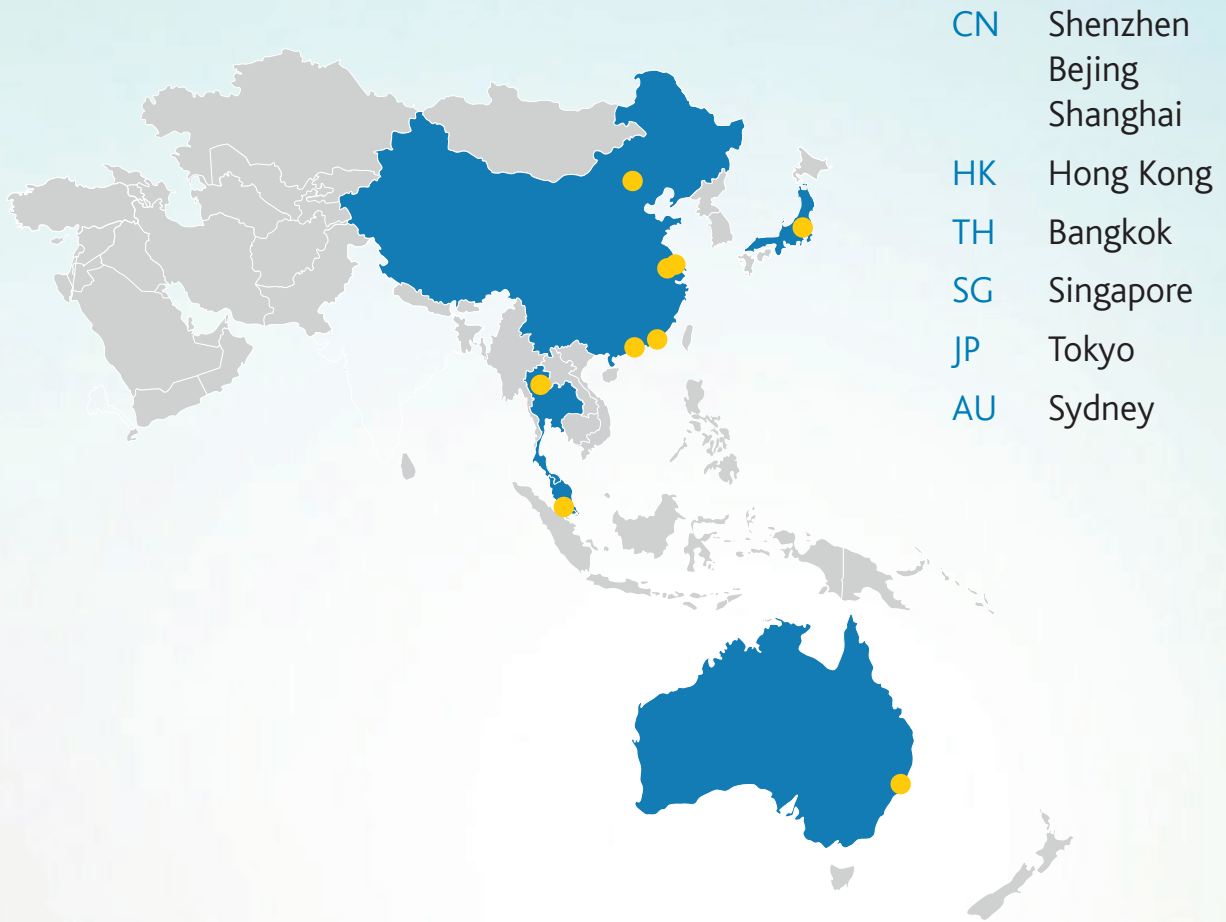
- **High import risk** – no VAT refund for returns to overseas in the case of overstock or defective goods.
- **Inventory inflexibility** – due to high import risk and longer lead times, suppliers keep low inventory and have problems reacting swiftly to market needs.
- **Importer-Of-Record (IOR) complexity** – all importers are required to register with customs or have an IOR.
- **Customs risk** – Inspection processes can take up to 21 working days, incurring additional handling cost at terminal and risking late deliveries to end-customers.

Benefits of using a warehouse in a free port/free trade zone for import



- ✓ **Lowers import risk** – import duties are only paid when goods are sold. No re-import taxes for returns to the warehouse.
- ✓ **Greater inventory flexibility** – postponement strategies can be employed at the warehouse before import.
- ✓ **Greater import efficiency** – streamlined customs clearance and temporary exemption of required licenses at free trade zones and free ports.

Our sites in Asia



Have a question?
We would love to share more.

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