

China's cross-border e-tailers scramble to implement new trade rules

Cross-border e-commerce traders say they were left with too little time to act after government list banned some items from sale overnight

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An employee at a Tmall logistic centre in Suzhou, Jiangsu province. China changed the tax rules on online retail goods to level the playing field for e-commerce platforms and traditional retailers and importers. Photo: Reuters

Mainland cross-border e-commerce platforms and customs authorities are scrambling to update their systems to cope with what traders say are rushed new restrictions on the goods they sell.

A list announced by the government on Thursday evening designated more than 1,100 items that e-tailers could import from foreign markets.

South China Morning Post

The list was part of an effort to standardise China's ballooning cross-border e-commerce sector, often criticised by conventional traders as loosely regulated.

Though most goods sold by the platforms were included on the list, industry insiders say that as the list came into force the next day they were given too little time to get rid of those items that were newly banned.

Alongside the list, the government introduced a new tax regime imposing duties equivalent to 70 per cent of those on traditional imports.



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LIN ZHIYONG, YIWU
BUSINESSMAN

“There was nothing wrong about the policy itself, but the timing was bad,” said Lin Zhiyong, an Yiwu businessman who has been trading for 20 years, most recently in cross-border e-commerce.

He said that due to the haste, many goods bought before the list banned them had been stranded at duty-free zones.

Xiaohongshu, a well-known cross-border e-commerce platform, admitted it was struggling to cut inventories at its Zhengzhou warehouse, but said the problem was a minor one.

The list, released by 11 departments, comprises items that account for the bulk of demand in the industry, ranging from food and drinks and children's toys to diapers and some

cosmetics.

“It's a good thing in the long run. We will focus more on the products and users' experience in the future,” said Xiaohongshu's public relations manager Wendy Tang.

Xu Ping, president of Henan Bonded Logistics Centre in Zhengzhou, a major warehouse for cross-border e-tailers, told local media that operation of the centre had been seriously affected by the new rules. She said new customs procedures, which required clearance for goods entering the bonded area – the secure area in which dutiable goods may be stored – were hardly workable. She said the authorities behind the reform, including the finance ministry, the commerce ministry and taxation administration, had failed to do enough research.

Ymatou, a major cross-border e-tailer, said the new policies would curb the fast growth of China's booming cross-border e-commerce sector.

“In the past the efficiency of e-commerce was much better than traditional trade in terms of logistics, and now it is like it is being pushed back,” said its public relations director Chen Ying.

The Ministry of Commerce previously estimated cross-border e-commerce trade would reach 6.5 trillion yuan (HK\$7.8 trillion) in 2016 and grow at an annual pace of 30 per cent in the next two years.