



# The Introduction to China's Free Zones Open, Inclusive, Win-Win Cooperation for Shared Growth



# What Is the Bonded Customs System?



It's a global system to support trade. Under bonded customs:

1.Import taxes are temporarily waived.

2.Trade controls don't apply right away.

Goods can be stored, processed, or assembled, then shipped out of the country.



# Types of Bonded Activities



China's system includes:

- A. Processing Trade
- B. Bonded Warehouses
- C. Free Zones

In 2024, bonded trade hit ¥14.3 trillion – about 33% of China's total trade(43.9).





## A. Processing Trade

Started with labor-intensive goods like clothes and toys.

Shifted to capital- and tech-intensive industries.

Now covers the full supply chain: R&D, manufacturing, repairs.  
China has moved from “Made in China” to “Designed and Made in China.”



## B. Bonded warehouses

China joined the World Customs Organization “International Convention on the Simplification and Harmonization of Customs Procedures (Kyoto Convention)” and accepted the Specific Annex E3 “Customses” in 1988.

Goods in the warehouse are temporarily exempt from taxation and can be stored indefinitely.





## C. Free Zones

Based on international models of free zones.

Total of 182 areas across the country.

2024 trade: ¥8.4 trillion, or 19.1% of national total.  
These zones are hubs for trade and open economy growth.





# "First Line Open, Second Line Controlled"



**Goods from abroad: no license or quota needed, No need to pay import-related taxes and fees.**

**Goods into domestic market: license/quota required, Import-related taxes and fees need to be paid.**

**Customs uses a two-line system to manage trade efficiently and securely.**





**Two key systems:**

**1.E-Handbook: Tracks trade based on contracts.**

**2.E-Account Book: Tracks activity by enterprise.**

**Both improve oversight and efficiency.**







**No import tax for goods entering the zone from overseas.**

**Duty-free for imported equipment. BUT...**

**Tax refund for domestic goods entering the zone.**

**Tax applied when goods sold into domestic market.**



# Function



**Bonded logistics, warehousing, processing, exhibition, repair and other services**

**New trends: cross-border e-commerce, futures delivery, bonded leasing**

**These zones are testing grounds for new trade models.**



# Achievements of These Zones

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**1.Global Trade Leader:**  
**19% of China's trade in 2024**  
**Boosted local industries and services**

**2.Industrial Upgrade:**  
**Attracted \$160 billion in FDI**  
**From“made in China”to“Design in China”**



# Achievements of These Zones

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**3.Job Creation: 2 million direct jobs**

**4.Innovation:**

**bonded financial leasing, testing and maintenance, R&D and design, futures delivery, and cross-border e-commerce**



# International Cooperation



**Belt and Road trade**

**Industrial partnerships**

**Faster, smoother cross-border trade**

**Early-stage economic results**

**Pilot zones for future FTAs**



# Closing

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**Looking forward to win-win cooperation and shared development with global partners.**

**Thank you**

