

## Decision on Customs Policy and Customs Work

(Adopted at the 17th Administrative Council Meeting of the GAC on January 27, 1950, and promulgated on March 7, 1950)

The GAC of the Central People's Government believes:

Over the past 100 years, imperialists have violated China's sovereignty over its customs administration. Through armed force and coercive treaties, they compelled China to open treaty ports, engage in foreign trade, and impose exceptionally low tariffs or even exempt imported goods from tariffs. Various imperialist powers exploited these privileges extensively, flooding China with their manufactured goods, extracting cheap raw materials, and thereby strangling and obstructing the free development of China's national industries. This led to China's prolonged status as an underdeveloped semi-colony dependent on foreign powers.

To protect their trading privileges, ensure enforcement of their coercive treaties, and secure compensation and interest on their exploitative loans, imperialist powers took long-term control of China's customs administration and tariff revenues. Key customs officials were exclusively British and American, official documents were written in English, and foreign employees earned salaries significantly higher than their Chinese counterparts. Furthermore, foreign employees enjoyed special privileges entirely unavailable to Chinese staff.

In 1943, the so-called "abolition of unequal treaties" did not truly restore autonomy over customs administration. It merely transferred control of customs from one imperialist power to another, with American officials replacing British ones in the highest customs positions. After seizing control of China's customs, imperialists continued to expand their infringement on China's sovereignty. They extended customs management to unrelated duties, such as ensuring maritime safety and patrolling national borders and coasts. Revenue from customs and other sources was used to build ports, lighthouses, and other navigational facilities. While these facilities had some utility for China, their primary purpose was to secure and facilitate foreign shipping rather than to benefit China's fragile domestic shipping industry, which could not compete with foreign capitalist companies.

Furthermore, customs duties like anti-smuggling were misused as a cover to take over national defense tasks, with customs authorities assuming responsibility for border and coastal defense in some areas.

Thanks to the great victory of the Chinese people's revolution, these unequal and non-sovereign conditions have been ended. China has regained its independent sovereignty over tariff policy and the autonomy to manage customs affairs.

The GAC of the Central People's Government believes that under current conditions, national customs work, along with the supervision and regulation of foreign trade, should play an essential role in the recovery and development of China's economy. Customs tariffs must protect national production and safeguard domestic goods from competition with foreign products.

The General Administration of Customs of the Central People's Government must be a unified, centralized, independent, and sovereign national institution. It is responsible for overseeing the import and export of goods and currency, collecting customs duties, and combating smuggling to shield China from economic aggression by capitalist countries.

Tasks unrelated to customs, such as port management, river dredging, construction of navigational aids, and border and coastal defense, should be transferred to the relevant specialized agencies.

To implement the aforementioned tariff policies and organize customs operations, the GAC has made the following decisions:

**1. Approval:**

(1) The "Provisional Organizational Regulations of the General Administration of Customs of the Central People's Government" are approved.

**2. Reassignment of Non-Customs Duties:**

(1) Responsibilities related to the management of seaports, waterways, lighthouses, buoys, meteorological reporting, and other navigational aids, along with all associated personnel, materials, and equipment, are to be transferred to the Ministry of Transportation of the Central People's Government or municipal port authorities.

(2) Duties related to patrolling coastal borders and armed vessels will be fully transferred to the Ministry of Public Security of the Central People's Government. However, small vessels necessary for customs operations and anti-smuggling work at ports may remain under customs control.

The General Administration of Customs, the Ministry of Transportation, and the Ministry of Public Security are tasked with jointly discussing and determining the procedures and timeline for the transfer of the aforementioned duties, personnel, and materials.

**3. Temporary Tariff Measures:**

The General Administration of Customs is permitted to use the 1948 import tariff for imported goods and the 1924 export tariff (as amended in 1945) for exported goods until the new customs tariff is implemented. Certain adjustments will require approval from the GAC of the Central People's Government.

**4. Creation of a New Customs Tariff:**

A new customs tariff for the import and export of goods for the People's Republic of China must be formulated. To achieve this, a specialized committee will be established under the Financial and Economic Committee of the GAC.

The committee will be chaired by a representative from the Financial and Economic Committee, with one representative each from the Ministry of Trade, Ministry of Finance, Ministry of Heavy Industry, Ministry of Fuel Industry, Ministry of Textile Industry, Ministry of Light Industry, Ministry of Railways, Ministry of Agriculture, Ministry of Transportation, Ministry of Food Industry, Ministry of Posts and Telecommunications, and the General Administration of Customs.

The Financial and Economic Committee of the GAC is entrusted with approving the organizational structure of this committee.

To ensure smooth progress in its work, the chair of the specialized committee will be granted the authority to request experts from various departments participating in the committee to assist in drafting the customs tariff. The committee must complete this task by **August 1, 1950**.

**5. Principles for Drafting the Customs Tariff:**

The specialized committee will adhere to the following fundamental principles when drafting the customs tariff:

**1. Protection of Domestic Production:**

For industrial and semi-finished goods that are already produced in large quantities domestically, or those not yet produced in large quantities but have potential for future

development, import tariffs should be set higher than the cost difference between imported goods and domestically produced equivalents to protect national industries.

2. **High Tariffs on Luxury Goods:**

All luxury goods and non-essential items should be subjected to higher tariff rates.

3. **Low or Exempt Tariffs on Essential Equipment and Materials:**

For goods such as production equipment, industrial raw materials, agricultural machinery, seeds, and fertilizers that are either minimally produced or not produced domestically, tariffs should be low or entirely exempted.

4. **Scientific and Agricultural Necessities:**

Tariffs should be reduced or exempted for imports of essential scientific books, materials for combating agricultural diseases and pests, and certain medicines that cannot be produced domestically or substituted by local alternatives.

5. **Differentiated Tariff Rates Based on Trade Relations:**

The tariff schedule should include two types of rates for imported goods:

- **Normal Rates:** Applied to countries with which the People's Republic of China has trade treaties or agreements.
- **Higher Rates:** Applied to countries without trade treaties or agreements with the People's Republic of China.

6. **Encouraging Exports:**

To promote the production of export goods, very low tariffs or exemptions should be applied to semi-finished goods and raw materials for processing that are endorsed by the Central People's Government for export.

**6. Formulation of Customs Regulations:**

7. It is necessary to draft customs regulations for the People's Republic of China, defining the organization, authority, and responsibilities of customs. The Central People's Government Customs Administration is tasked with submitting a draft of the customs regulations to the Central People's Government's GAC for review by **July 1, 1950**.

8. (Source: Published in *People's Daily*, March 8, 1950)