

Dear Stephanie,

Regarding the Chinese market. The market for agricultural seed exports to China is difficult, especially the tropical and sub tropical products that we are involved with. The greatest barrier is the 30% import duty that is applied to all seed going into China. This 30% of the CIF value is substantial. There is also a 13%GST and a 4% receipt tax applied to transactions done in China. I guess locals are affected by the last two taxes.

I understand some provinces have a provincial duty as well. Because we operate in Hainan Province and it is regarded as a special Socioeconomic zone there is no import duty applied for seed exported to Hainan but it must be planted in Hainan and cannot be sold outside of the province.

They have unusual Quarantine rules and procedures. A recent shipment of our seed had to be subjected to tests to make sure it was free from 'Chicken Flu' How they did that I do not know. There is because of our strict quarantine rules for seed coming into Australia a reaction from Chinese authorities to Australian product and there seems to be new arrival tests being applied on an ongoing basis.

Chinese have little regard for international contracts and these are broken or altered when it suits them. Hong Kong is becoming more parochial with shipments transiting there. We had a document satchel for a transshipment to Hainan opened and documents removed even though the port of entry was Haikou in Hainan .

China is a difficult market for agricultural product mainly because it is self sufficient in agricultural production and it can produce very cheap food. China will always protect its local production. Our only opportunity is for niche products.

Regards,

John Rains

J P Rains
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