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PRESS RELEASE

'State Council Adjusts Export Tariffs On Certain Products',

Ministry of Finance Peoples's Republic of China

14-11-08

The State Council has recently announced that from 1 December 2008, the applicable tax rates (including temporary rates and special rates) and scope of the affected products will be adjusted for export tariff purposes such that:

- (1) export tariffs or special export tariffs on 102 products, including steel, chemicals and foodstuffs will be removed;
- (2) export tariff rates for products, such as chemical fertilizers and their raw ingredients and certain aluminium products as well as wheat, rice and their products will be reduced. Special tariff rates for products such as nitrogenous fertilizers, phosphate fertilizers and some of their raw ingredients will also be reduced;
- (3) procedures for levying export tariffs on chemical fertilizers such as urea, ammonium dihydrogenphosphate and diammonium phosphate in low seasons will be adjusted. The scope of taxable products related to natural graphite powders and two other products will be adjusted;
- (4) export tariff rates for apatite, silicon and three other products will be increased; and
- (5) non-pure magnesia, talcum, fluoride and some other products will be newly subject to export tariffs.

It is also announced that raw grains exported to Hong Kong, Macau and Taiwan will continue to be exempted from export tariffs and that foodstuffs exported for overseas donation purposes will also be exempted.

For more information, please visit

http://gss.mof.gov.cn/guanshui/zhengwuxinxi/zhengcefabu/200811/t20081113_89940.html

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Joey Zhu, attorney from Lehman Lee & Xu comment as below:

China has adjusted its export tariffs on certain products to better confront the financial crisis. China is doing what it can to bolster its economy and cope with the credit crunch with a series of initiative, including the adjustment of export tariffs.

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