

Export Control Practice in China

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China relied mainly on administrative approaches to control the export of militarily usable technology until mid-1990s when its reform and openness policy achieved great success. Before the reform, there were only two hundred state-owned companies in China who were authorized export privileges. These agent companies performed an administrative function of export control for the government while they were providing export services. In 1980s, the amount of China's international trade had big jump and thousands of companies received new export privileges. The old system of export control based on the limit of export privileges faced big challenges as the agent companies are no longer closely associated with the government and the amount of export is too big.

China began to reform its export control system in the early 1990s. The goal was to develop an export control system based on licensing with guarantee of end-use and end-user, which is widely adopted in countries with market economies. In about ten years, China promulgated a series of laws controlling the export of militarily sensitive technologies ranging from nuclear, chemical, biological, conventional, to missile areas. Since then, an enforcement capability has been built in the government. The Ministry of Commerce (MofCom) is the governmental branch in charge of licensing. An office of export control was built in the MofCom's Division of Science & Technology to manage the application of export licenses. This office, through consultations with other Ministries (for example, Committee of Science, Technology and Industry for National Defense) and experts, decides whether a license should be issued. MofCom also sends representatives to their provincial offices to help local companies understand the licensing procedures. China Customs is another important player in the enforcement system. It receives the notes of licenses from MofCom and verifies the exporting goods according to the names and barcodes of the goods on the licenses. Some other governmental branches are also involved in implementing export control laws, for example, the Ministry of Public Security traces smuggles or unlicensed exports. In the past years, some Chinese companies received penalties for their export of dual-use items without licenses.

One important effort the Chinese government made is to train export control experts in the business circle. Chinese non-governmental organizations (NGOs), universities, companies have been joining this effort. Some foreign governments, universities, and NGOs have also been active in assisting this kind of trainings. As a result, the Chinese business circle has much better understandings about the importance of export control. Some Chinese companies began to develop internal control programs (ICP) to prevent any violations of export control laws through internal examinations. A few Chinese companies received sanctions posed by foreign

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governments. As the reasons of the sanctions are never provided, the business people have to guess and it creates fears and misunderstandings in the Chinese business circle. In the future, some dialogues and coordination are needed to address this concern.