

Tax Analysis

GAC published guidance of customs inquiries on dual-use item exports

On 16 June 2025, China's General Administration of Customs (GAC) issued Bulletin No. 123 (Bulletin 123) providing guidance on customs inquiries regarding exports of goods that may be dual-use items. Bulletin 123 is published in accordance with China's Customs Law and the Export Control Law, and the bulletin underscores the government's efforts to strengthen oversight of dual-use item exports.

Salient points of Bulletin 123

- If an exporter fails to present a dual-use item export license when declaring goods for export, but customs authorities find evidence suggesting the goods may fall under export-controlled dual-use items, they must suspend the shipment and issue a customs inquiry notice to the exporter.
- Upon receiving the notice, the exporter must submit the required information and documents to customs authorities within seven working days for review.

Customs authorities may request the following information and documents:

- Paper customs declaration forms;
- Export agreements;

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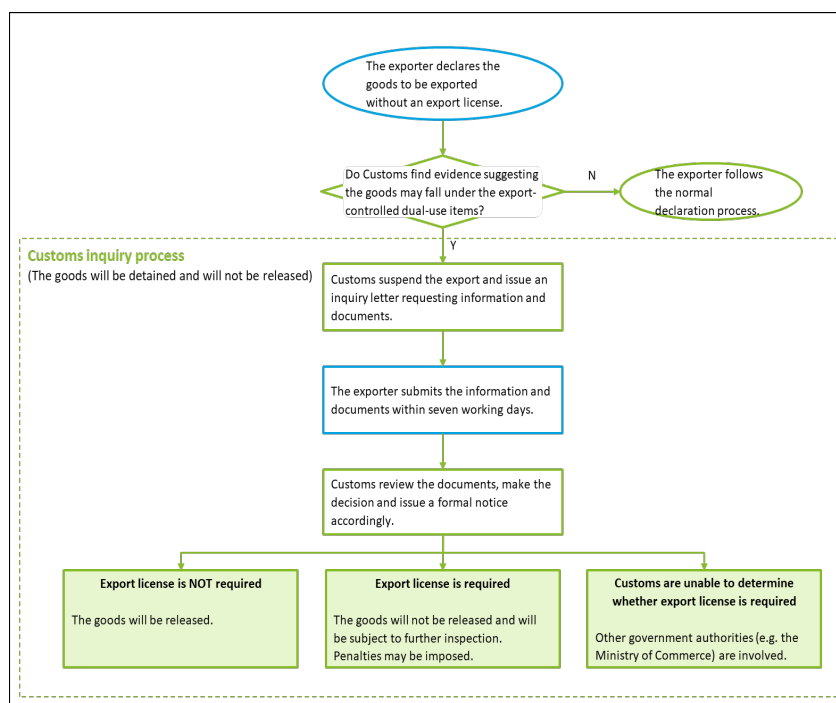
- An explanation letter detailing the goods' specifications, intended use, and the justification for non-applicability of export controls; and
- Technical documents (e.g., inspection and testing reports).

If original documents are in a foreign language, Chinese translations must be provided.

- After evaluating the submitted materials, customs authorities must determine whether the goods qualify as dual-use items requiring an export license; if the determination still cannot be made, customs authorities may refer the case to other competent government authorities (e.g. the Ministry of Commerce).

If an export license is required, the goods will be detained and customs may conduct additional inspections. For identified violations of the Export Control Law, the exporter may face penalties including fines and suspension of business operations.

- Throughout the entire inquiry process - including the initial customs review and any subsequent investigations - the goods will remain detained and will not be released.



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Implications and recommendations to exporters

The customs inquiry mechanism tightens regulatory oversight for exporters, particularly those handling potentially dual-use goods. Legally, Bulletin 123 establishes a compliance framework under China's Export Control Law and the Regulations on the Export Control of Dual-Use Items. Simultaneously, it grants Customs enhanced authority to identify and inspect export control risks.

Exporters may face the following key challenges:

Unclear timelines: While exporters receiving inquiry notice must submit required materials within seven working days, there is no stipulated deadline for Customs to issue a final determination.

Operational disruptions: Since goods remain detained throughout the inquiry, prolonged delays can severely impact supply chain efficiency.

Increased compliance burden: Exporters must provide comprehensive documentation—including technical specifications and end-use justifications—to demonstrate non-applicability of export controls.

Immediate action items

To ensure compliance and mitigate possible disruptions, exporters should:

- Conduct pre-shipment screenings of goods, clients, and end-users to identify dual-use risks;
- Seek regulatory clarification from authorities (e.g., the Ministry of Commerce) when classification uncertainties exist;
- Prepare complete documentation including:
 - Technical specifications;
 - Chinese translations (if applicable); and
 - Detailed end-use statements.
- Develop contingency plans for potential shipment delays.

Long-term compliance strategy

- Regulatory monitoring: Establish processes to track updates to control lists and regulations;
- Internal controls: Allocate additional resources for compliance, conduct regular internal audits of export processes, provide specialized training for trade compliance teams, and implement:
 - Product classification systems;
 - Restricted party screening protocols; and
 - Comprehensive recordkeeping procedures.
- System Integration: Develop automated solutions for:
 - Export control classification;
 - License management; and
 - Audit trail maintenance.

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