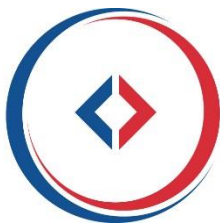


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THE US-CHINA BUSINESS COUNCIL

美 中 贸 易 全 国 委 员 会

July 26, 2017

The Honorable Li Xiaopeng
Minister
Ministry of Transportation
Beijing, China

Dear Minister Li:

Over the past four decades, the US-China Business Council (USCBC) and its 200 member companies have contributed significantly to healthy, sustainable, and mutually-beneficial US-China commercial relations. Our members include a range of international enterprises dedicated to the China market.

USCBC supports the goal of the Ministry of Transportation (MOT) to ensure the safe transport of goods on China's roadways. However, the recently published "Management Regulation on Over-limit Vehicles Road Transportation" (MOT Decree No. 62), which set new height requirements for road vehicles, has unintended negative consequences for a variety of USCBC member companies.

Consistent and equally enforced height and weight requirements for inland goods transportation are critical for ensuring a predictable business environment for logistics services. The high-cube (HQ) container is an internationally-recognized intermodal container commonly used in international dry product shipment, both in maritime shipping and inland transportation. HQ containers are a standard 2.9 meters in height; truck container chassis and trailers are generally 1.3 to 1.4 meters in height.

Unfortunately, Decree No. 62's requirements set a vehicle height limit of 4 meters, which means that HQ containers placed on existing inland transportation vehicles exceed the maximum height requirement. To date, no manufacturers in China have been licensed to manufacture chassis or trailers that are 1.1 meters or below in height, making it impossible for existing fleets to comply with Decree No. 62.

As you know, the State Council Special Action Plan for Cost Saving and Efficiency Enhancement of the Logistics Industry, issued by the National Development and Reform Commission (2016-2018) in 2016, mentions the need to “improve efficiency of overall logistics service.” We are concerned that the unintended consequence of Decree No. 62’s height limits will run counter to this important goal, and instead will reduce overall operational efficiency and increase logistics costs by requiring importers to change containers at the destination port. In addition, Decree No. 62 as currently written will limit the ability for domestic and foreign companies with international operations to do business in China by disrupting existing supply chains.

To address these concerns, we recommend that Decree No. 62 be modified to conform to international standards on container shipments, especially HQ container requirements. In addition, we recommend that MOT continue its temporary hold on height inspections of vehicles used in road transportation, issued in the October 18, 2016 Notice on Enforcement of Special Action on Tackling Over-limit and Overload Transportation. If a continuation of the hold on height inspections is not possible, we recommend that MOT allow transportation providers to apply for permission to continue using HQ containers on existing truck container chassis and trailers.

Thank you for your time and consideration. We appreciate MOT’s efforts to further standardize transportation requirements, and should you have any questions, please do not hesitate to contact us.

Sincerely,

John Frisbie
President