

WORLD TRADE ORGANIZATION

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Council for Trade in Goods

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TRANSITIONAL REVIEW MECHANISM IN CONNECTION WITH PARAGRAPH 18 OF THE PROTOCOL ON THE ACCESSION OF THE PEOPLE'S REPUBLIC OF CHINA

Communication from Japan

The following communication, dated 29 November 2003, has been received from the delegation of Japan.

Japan welcomes China's efforts to carry out the commitments under the Protocol of its Accession into the WTO. We have the view that the Transitional Review Mechanism (TRM) will contribute to improved adherence by China to rules, discipline and commitments, if it is operated in a meaningful and productive manner.

We therefore submit our comments well in advance of the Council for Trade in Goods session of 24 November 2003, in order for the Chinese authorities to reply and to submit the necessary information.

1. Export restrictions

China imposes export restrictions on fluorspar by means of export quotas and export licenses. At the TRM meeting held on 3 December, 2002, the Chinese delegation stated that fluorspar exploitation had been put under rigid control for the purpose of the conservation of natural resources, claiming that this made the export restriction on fluorspar consistent with the GATT 1994 (cf. paragraph 3.30, G/L/596).

Despite such a claim that export restrictions are in place for conservation purposes, however, the domestic consumption of fluorspar in China has been increasing, while the export quotas are being cut. This gives us some ground to suspect that the export restriction is falsely maintained in the name of conservation. If this is the case, we consider that China's export quotas are not consistent with the WTO rules. Please provide us with more detailed information on the restriction of domestic fluorspar production and consumption. In addition, please explain the relationship between China's export quotas and their consistency with GATT Articles XI and XX.

2. Government procurement

China committed itself at the Working Party for WTO accession to initiating negotiations for membership in the Government Procurement Agreement (GPA), agreeing to table an Appendix 1 offer as soon as possible and, until such a time, requiring all government entities to conduct their procurement in a transparent manner and to provide all foreign suppliers with an equal opportunity to participate in the procurement pursuant to the principle of the Most Favored Nation (MFN) Treatment.

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- Please outline the schedule for China's requests for GPA membership, including the commencement of the negotiation process.
 - Please confirm that all government procurement procedures are conducted in a transparent manner and that the MFN principle is applied to all foreign suppliers in practice.
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