

# WORLD TRADE ORGANIZATION

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Council for Trade in Goods

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## TRANSITIONAL REVIEW MECHANISM UNDER SECTION 18 OF THE PROTOCOL ON THE ACCESSION OF THE PEOPLE'S REPUBLIC OF CHINA

### Information required by Annex 1A

#### Communication from China

The following communication, dated 21 November 2003, has been received from the delegation of China.

## 2. Economic Policies

### 2.1 Non-Discrimination

#### (a) **the repeal and cessation of all WTO inconsistent laws, regulations and other measures on national treatment.**

To meet the needs of the WTO accession, the Chinese Government has launched a massive program regarding the enactment, amendment and repeal of laws, regulations, and administrative rules, policies and measures which are relevant to or affecting trade in goods, trade in services, trade-related intellectual property rights and the assurance of transparency and uniform application of trade regime. Related work has been carried out ever since then. In this course, laws, regulations and measures containing WTO inconsistent provisions on national treatment have been modified or repealed. In 2003, The Administrative Licensing Law of the People's Republic of China and the Regulations on Certification and Accreditation have been promulgated, and the amendment of Foreign Trade Law, the Regulations on Import and Export tariff and the Regulations on Rules of Origin for Import and Export Goods are entering into a cruising phase.

#### (b) **the repeal or modification to provide full GATT national treatment in respect of laws, regulations and other measures applying to internal sale, offering for sale, purchase, transportation, distribution or use of: after sale service, pharmaceutical products, cigarettes, spirits, chemicals and boiler and pressure vessels (for pharmaceutical products, chemicals and spirits there is a reservation of the right to use a transitional period of one year from the date of accession in order to amend or repeal relevant legislation)<sup>1</sup>**

With regard to cigarettes, Decree No.2 of the State Tobacco Monopoly Administration has been amended, and Article 25 of Measures on the Administration of License for the Sale of Tobacco has been adjusted by Circular of the State Tobacco Monopoly Administration on Relevant Issues

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<sup>1</sup> Information regarding after sale service, pharmaceutical products, boiler and pressure vessel has been provided in last TRM.

Concerning the Application of Measures for the Administration of License for Sale of Tobacco (No.435-2003), to the effect that no license for the sale of specific tobaccos are required for individuals/entities engaging in foreign cigarettes retail; businesses and individuals acquiring the license pursuant to the provisions may go into retail business of domestic and foreign cigarettes since 1 January 2004.

In respect of wine, the amendment of the Methods for the Administration of Domestic Market for Imported Wines (Methods) is under way, mainly focusing on the requirements on customs inspection, establishment and management of distribution enterprises and identification of competent authorities in various aspects, etc., and in this course, relevant laws and regulations as well as the principle of national treatment will be taken into account. The amended requirements on the establishment and operation of enterprises distributing imported wines will be more explicit, and national treatment will be realized in terms of standards and licensing procedures for the distribution and sale of different kinds of wines. The amended Methods is expected to be published in the first half of the next year.

As for chemicals, China has been implementing its accession commitments on environmental administration on chemicals. On November 1, 2002, the registration procedures for the initial imports of chemical products has been cancelled by the State Council through the "Decision on the Cancellation of the First Group of Projects Subject to Administrative Approval". Currently, the State Environmental Protection Administration is revising the original "Provisions on the Environmental Administration of Initial Imports of Chemical Products and Import and Export of Toxic Chemical Products", and "Methods for the Environmental Administration of New Chemical Products" has been promulgated, with the national treatment principle and international practices fully taken into account in environmental administration of chemical products. To ensure the transparency of legislation, the draft Methods had been published by the State Environmental Protection Administration and comments from Chinese and foreign chemical producers had been carefully considered.

#### **IV. Policies Affecting Trade in Goods**

##### **4.5 Export Restrictions**

**(a) any restrictions on exports through non-automatic licensing or other means justified by specific product under the WTO Agreement or the Protocol.**

(1) On 1 January 2003, China eliminated export quotas on garlic (exported to Korea) and sugar. In order to supervise the export of garlic, the global export license is maintained. To date, the following commodities are subject to export administration measures: live cattle, live swine, live chicken, beef, pork, chicken meat, garlic, tea, wheat, maize, rice, licorice and its products, Chinese iris and its products, bauxite, light (dead) burned magnesium, talc lump(powder), fluorspar lump (powder), rare earth, zinc ores, tin ores, tungsten ore, antimony ores, coal, coke, crude oil, processed oil products, paraffin wax, antimony oxide, and artificial corundum, ammonium paratungstate, tungsten trioxide and blue tungsten oxide, tungstenic acid and tungstates, tungsten powder and its products, heavy water, silicon carbide, substance depleting ozonosphere, chemicals under supervision, chemicals used for poison production, sawn timber, cocoon silk, gray fabric, cotton, silver, platinum (export through processing trade), fixed size carbon steel sheet (to US), zinc and zinc alloy, tin and tin alloy, antimony (including antimony alloy) and antimony products, motorcycle and motorcycle engine, electric fan, computers, bicycle. These administrative measures have been notified to the WTO.

#### **4.9 State Trading Entities**

- (a) **progressive abolishment of state trading in respect of silk measures, increasing and extending trading rights, granting the right to trade to all individuals no later than 1 January 2005**

Trading right for silk has been progressively liberalized since the beginning of 2002, and the number of enterprises engaging in silk export operation has increased from 43 in 2001 to 145 to date. China will abolish the restrictions on trading right for raw silk at the latest on January 1, 2005, as committed.

- (b) **access to supplies of raw materials in the textiles sector at conditions no less favorable than for domestic users, and not adversely affected access to supplies of raw materials as enjoyed under existing arrangements**

Access to supplies of raw materials in textile sector for foreign users remains at the same conditions as for domestic users, and have not been adversely affected in this area.

- (c) **progressive increases in access by non state trading entities to trade in fertilizer and oil and the filling of quantities available for import by non state trading entities**

Under the current circumstances that China has not yet relaxed the trading right as well as the domestic distribution right of fertilizers and oil products, in order to fulfill the commitment and to progressively expand the non-state trading enterprises in this respect, China carries out a registration system for non-state trading enterprises to be engaged in the trade of fertilizers and oil products. The registration procedure is automatic and transparent, and the lists of registered enterprises are published.

The fill-rate of import quota for processed oil of 2002 is 92.5%; for crude oil, 100%; for urea, 60.7; for Diammonium phosphate, 86.8%; for KPK, 99.4%. In 2002, the former State Economic and Trade Commission allocated import tariff rate quota for fertilizers and quotas for petroleum products reserved for non-state traders for the year 2003. However, it is hard to tell the real import performance of non-state trading entities because state-trading enterprises can also deal with non- state trading import quota.

#### **4.10 Government Procurement**

- (a) **Laws, regulations and procedures**

Law on Government Procurement of the People's Republic of China was adopted on 29 June 2002 and took effect on 1 January 2003. And the drafting of the implementing rules of the law is under way.

- (b) **Procurement in a transparent manner and application**

To guarantee the transparency in government procurement, the competent authority of Chinese Government has taken a series of measures.

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