

TRANSITIONAL REVIEW MECHANISM¹

Communication from the People's Republic of China

The following communication, dated 23 September 2003, has been received from the Permanent Mission of the People's Republic of China.

Information required by Annex 1A of the Protocol of Accession

IV. POLICIES AFFECTING TRADE IN GOODS

3. Import Licensing (to be notified to the Committee on Import Licensing)

(a) implementation of the provisions of the Agreement on Import Licensing Procedures and the WTO Agreement applying the measures set out in Section 8 of the Protocol including provision of the time taken to grant an import licence

Upon accession to WTO, the Chinese government has abided by its commitments, in an effort to establish and maintain a uniform, transparent, fair and non-discriminatory market access environment. Chinese policies on the importation and exportation of goods are consistent with WTO agreements and China's commitments upon accession, i.e., most goods are allowed to be imported to and exported from China freely, with the exception of those subject to restrictions such as import bans, import restrictions, automatic import licensing, import quotas and tariff rate quotas. With regard to the commodities referred to in Annex 2 as being under designated trading, we have, in line with China's commitment to phase out designated trading, eliminated the designated trading restriction on the importation of lumber, which is among the goods listed in Annex 2B, in advance of the stipulated time frame. Designated trading restriction on the importation of the other five kinds of commodity listed in Annex 2B will be phased out in a transitional period of three years. Upon the conclusion of the three-years' transitional period, all domestic enterprises will be allowed to import the goods mentioned above within all Chinese tariff territories. China has clarified relevant issues to WTO during the transitional review of the last year.

Since the last transitional review, import regulatory systems of China have not undergone obvious changes. In this one-year period, the former MOFTEC promulgated the *2003 Catalogue of Goods under Automatic Import Licensing Administration* and *2003 Catalogue of Commodities under Import Licence Administration*; with regard to administration of the importation of agricultural

¹ Pursuant to Section 18 of the Protocol on the Accession of the People's Republic of China (WT/L/432).

products, the former State Development Planning Commission (SDPC) promulgated the *Implementing Rules on the Allocation of Tariff Rate Quotas of 2003 for Major Agricultural Products* and *Implementing Rules on the Administration of Import Tariff Rate Quotas of 2003 for Wool and Wool Tops*; with regard to administration of the importation of industrial products, the former SDPC has issued the *Implementing Rules on the Allocation of Import Quotas of 2003 for Natural Rubber*, the former State Economic and Trade Commission (SETC) has issued the *Total Volume, Allocation Criteria and Application Procedures for 2003 Import Quotas for Refined Petroleum Products, 2003 Total Import Volume and Application Procedures for Crude Oil Imported by Non-State Trading Enterprises, Total Volume, Allocation Criteria and Application Procedures for 2003 Import Quotas for Automobile Tyres*, and *Adjustment of 2002 Import Quotas for Refined Petroleum Products, Automobile Tyres and Crude Oil (Non-State Trading)*; the former MOFTEC published the *Tentative Methods for Administration of Importation of Crude Oil, Refined Petroleum Products and Fertilizers by State Trading Enterprises, Announcement on the Qualifications, Application Materials and Declaration Procedures for the Record of Eligible Non-State Trading Enterprises Importing Crude Oil, Refined Petroleum Products and Fertilizers*; on 1 January 2003, the Chinese government reduced the regulatory measures on two kinds of products (auto hoist and motorcycle) subject to quotas and import licensing, equivalent to 18 tariff lines (8 digits, HS2002), and cut down import quota and licensing restrictions on four kinds of commodities (refined petroleum products, natural rubbers, auto tyres and auto products two years in advance of the schedule; and also reduced regulatory measures on nine specific kinds of products, equivalent to 19 tariff lines (8 digits, HS2002), which represented more than 45 per cent of the total regulatory measures.

In 2003, the Ministry of Commerce (MOC) has published following announcements in collaboration with the relevant authorities:

1. No. 10 Proclamation, *Catalogue of Wastes Subject to Restricted Importation that can be Used as Raw Materials (Second Group)*, which has amended the 2002 No. 25 Proclamation *Catalogue of Goods under Import Bans (Fourth Group)*;
2. No.23 Proclamation, amending the part relating to juncus pith and its products of 2002 No.59 Proclamation *2003 Catalogue of Commodities under Export Licensing Administration*;
3. No. 27 Proclamation, *Catalogue of Goods Under Import Bans (Second Group)*;
4. No.31 Proclamation, amending the part relating to electric fans and refined petroleum products exported through processing trade of 2002 No.59 Proclamation *2003 Catalogue of Commodities under Export Licensing Administration*;
5. No.32 Proclamation, forbidding the importation of all wood and wood products originating in Liberia from 7 July 2003 to 7 May 2004;
6. No.45 Proclamation, implementing import and export licensing system on sassafras oil and diatomic-safrole from 1 September 2003.

MOC also published *Total Volume and Application Procedures for 2004 Import Quotas for Crude Oil Imported by Non-State Trading Enterprises* and *Total Volume, Allocation Criteria and Application Procedures for 2004 Import Quotas for Refined Petroleum Products for Non-State Trading Enterprises*.

According to this year's adjustment of functions and reorganization of authorities under the State Council and the comments on the original methods from various areas during the near two-year time of implementation, MOC has amended the *Tentative Methods for the Administration of Import Tariff Rate Quotas for Agricultural Products*. The amended methods are expected to be published in September 2003. The *Implementing Rules on the Allocation of 2004 Import Tariff Rate Quotas for*

Major Agricultural Products formulated on the basis of such amended methods is expected to be promulgated prior to 30 September 2003.

The above-mentioned regulations and administrative measures have been published on the China Foreign Trade and Economic Cooperation Gazette and the official website of MOC (www.mofcom.gov.cn), and have been notified to the WTO. In 2003, China has provided information with respect to Chinese import and export licensing systems to the Committee on Import Licensing, including all licensing procedures and quota requirements, as well as the reasons for maintaining such restrictions and their expected date of termination.²

As indicated by the practices during the period exceeding one year, the import regulatory mechanisms of China have operated well, and relevant measures have facilitated the importing activities of enterprises and improved the development of foreign trade.

² G/LIC/N/1/CHN/2