

WORLD TRADE ORGANIZATION

G/MA/W/52
16 October 2003

(03-5487)

Committee on Market Access

Original: English

TRANSITIONAL REVIEW MECHANISM PURSUANT TO PARAGRAPH 18 OF THE PROTOCOL ON THE ACCESSION OF THE PEOPLE'S REPUBLIC OF CHINA

Information Required by Annex 1 of the Protocol

The following communication, dated 15 October 2003, has been received from the Permanent Delegation of the People's Republic of China.

1. Tariff Rate Quotas

- Administration of TRQs on a transparent, predictable, uniform, fair and non-discriminatory basis using clearly specified timeframes, administrative procedures and requirements and evidence of a consistent national allocation (and reallocation) policy, including:

1.1 Provision of volume/value of the quota or TRQ made available

Import TRQs for year 2003

Products	Quantity
<i>Agricultural Products</i>	
Wheat	9,052,000 tons
Maize	6,525,000 tons
Rice	4,655,000 tons
Soybean Oil	2,818,000 tons
Rape Seed Oil	1,018,600 tons
Palm Oil	2,600,000 tons
Sugar	1,852,000 tons
Cotton	856,250 tons
Wool	275,750 tons
Wool Top	76,260 tons
<i>Industrial Products</i>	
Urea	1,800,000 tons
Diammonium phosphate	5,950,000 tons
NPK	2,980,000 tons

1.2 Reallocated Quotas or TRQs applied for

On 11 August 2003, NDRC and MOFCOM jointly published No.16 Proclamation of 2003. The Proclamation sets out that in the case of an end user possessing general trade TRQs does not foresee to enter into import contracts fulfilling the total amount of TRQs in its possession, or the shipment of the contracted TRQs can not be dispatched from port of departure before 31 December 2003, it shall, prior to 15 September 2003, return the TRQs not expected to be filled to the local provincial development planning commissions (authorized agencies by former State Development Planning Commission). Meanwhile, the Proclamation also set forth specific requirements for application for TRQs to be reallocated, and states that NDRC and MOFCOM will reallocate returned TRQs to end users before 30 September 2003.

With respect to fertilizer, MOFCOM accepts applications for returned fertilizer TRQs from 15 September to 30 September each year, and completes the reallocation of returned TRQs by 15 October of the current year.

Applications filed and granted for TRQ reallocation

(number of enterprises)

	Wheat	Maize	Rice	Soybean Oil	Vegetable Seed Oil	Palm Oil	Sugar	Cotton
Applicants	220	251	171	398	188	1309	100	252
Applications granted	204	218	167	359	168	1195	78	238

1.3. The volume/value of requests for allocation or reallocation denied

Quantity of TRQs in rejected applications

Products	Quantity
<i>Agricultural Products</i>	
Wheat	8,310,000 tons
Maize	15,542,000 tons
Rice	Long grain rice- 1,082,650 tons Medium and short grain rice- 0 tons
Soybean Oil	8,089,280 tons
Rape Seed Oil	2,340,800 tons
Palm Oil	9,415,500 tons
Sugar	4,861,000 tons
Cotton	1,016,400 tons

1.4. Fill rates for the quota or TRQ

Imports under TRQ and their fill rates as of 31 August 2003

Product	Imported Volume (ten thousand tons)	Rate of increase (%)	Fill rate (%)
Wheat	21.5	-58.3	2.4
Maize	0	-93.5	0
Rice	19.1	34.9	4.1
Bean Oil	90.9	337	32.3
Rape-seed Oil	6.1	85	6
Palm Oil	158.1	49.9	60.8
Sugar	55.7	-30.3	30.1
Cotton	62.3	670	72.8
Wool	10.1	-11.9	36.6
Wool Top	1.87	-30.7	24.5
Urea	13.43	-82.4	7.47
NPK	151.35	-13.5	50.7
Diammonium phosphate	198.38	-45.6	33.34

1.5. For TRQs, the amount of any goods entered at the over quota rate

None.

1.6. Time taken to grant a quota or TRQ allocation

NDRC and MOFCOM allocate agricultural product TRQs in one month.

MOFCOM distributes fertilizer TRQs within two months.

2. Non-tariff measures including Quantitative Import Restrictions

- (a) The introduction, re-introduction or application of any non-tariff measures other than those listed in Annex 3 of the Protocol and elimination of non-tariff measures.

None.

- (b) Implementation of the schedule for phased elimination of the measures contained in Annex 3

Chinese government has eliminated 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 commodities (processed oil, natural rubbers, auto tyres and auto products) two years in advance of the schedule; and also reduced regulatory measures on 9 specific kinds of products, equivalent to 19 tariff lines (8 digits, HS2002), a decrease of more than 45%.

- (c) Quota allocation and reallocation in conformity with WTO requirements, including the Agreement on Import Licensing Procedures following criteria set out in the Report of the Working Party on the Accession of China.

Processed oil and auto tyres: In 2002, the former State Economic and Trade Commission (SETC) has allocated import quotas for processed oil and auto tyres for 2003 according to China's accession commitments. After governmental restructuring in 2003, the administration of import quotas for processed oil and auto tyres has been transferred to MOFCOM. On 1 September 2003, MOFCOM published proclamations which has adjusted import quotas for processed oil and auto tyres as well as crude oil import quotas for non-state trading enterprises of 2003. MOFCOM has begun to accepting returned quotas and applications for reallocation.

Natural Rubber: According to the growth rate contained in Annex 3, volume of import quotas for natural rubbers of 2003 is 850,000 tons, which has been fully allocated. Former SDPC, the authority responsible for allocation of natural rubber quotas, has promulgated *Interim Methods for the Administration of Natural Rubber Quotas*. After governmental restructuring in 2003, the administration of quotas for natural rubbers has been shifted to MOFCOM, which now allocates import licenses for natural rubber in light of the import quota license for natural rubber issued by authorized agencies of former SDPC. Quota holders decide commercial terms in relation to import of natural rubbers at their own discretion, including specifications, product combinations, pricing and packages. Import quotas become effective as from 1 January each year, and remain valid through out the calendar year. The provisions on the return and reallocation of the unused quota contained in the Article 17 and 18 of *Interim Methods for the Administration of Natural Rubber Quota* are in conformity of accession commitments.

Machinery and electronic products: After 2003, MOFCOM is the competent authority for the administration of import of machinery and electronic products according to relevant laws and regulations. Currently, regulations and measures with respect to electronic products remain unchanged. In 2003, MOFCOM has allocated quotas in line with the committed growth rate.

- (d) Distribution licences, quotas, tariff rate quotas or any other means of approval for importation are not subject to conditions set out in Section 7, paragraph 3 of the Protocol

According to the relevant regulations, the distribution of import licenses, quotas, TRQs, or any other means of approval for importation is not subject to the conditions set out in Section 7, paragraph 3 of the Protocol.
