

WORLD TRADE ORGANIZATION

G/RO/56
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Committee on Rules of Origin

REPORT TO THE COUNCIL FOR TRADE IN GOODS ON CHINA'S TRANSITIONAL REVIEW

1. The Committee on Rules of Origin, at its meeting on 3 October 2003, carried out the transitional review of China pursuant to paragraph 18 of the Protocol on the Accession of the People's Republic of China (WT/L/432).
2. China's notification has been circulated in document G/RO/53, and questions on China's rules of origin from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu have also been circulated in document G/RO/W/99/Rev.1. The statements made at the meeting of 3 October 2003 are to be reflected in the minutes of the meeting (G/RO/M/43), paragraphs 3.1-3.7. The relevant paragraphs which reflect this discussion are annexed.

3. Transitional review under paragraph 18 of the Protocol of Accession of the People's Republic of China (WT/L/432, WT/ACC/CHN/49, G/RO/53 and G/RO/W/99/Rev.1)

3.1 The Chairman noted that in accordance with paragraph 18 of the Protocol of Accession of the People's Republic of China, the CRO was to report to the Council for Trade in Goods on the outcome of the Review which would then report to the General Council. The Committee had conducted its first Review at the last meeting, where China had explained the implementation of its commitments with regard to rules of origin and responded to the questions raised. He then invited China to make a general presentation on China's implementation of the Agreement on Rules of Origin this year.

3.2 The representative of China stated, as the first point, that no new rules and regulations or administrative measures relating to non-preferential rules of origin had been promulgated or amended since 11 December 2002. The legislations currently effective concerning rules of origin had been notified to the Committee and circulated in document G/RO/53.

3.3 The second point concerned current rules of origin. China's laws and regulations on rules of origin, and the way China implemented them, were in full conformity with the WTO Agreement on Rules of Origin. China had never used rules of origin as an instrument to pursue trade objectives directly or indirectly. As concerned "review of the pre-determination of origin", she explained that in accordance with Article 8 of Announcement No.17, 2001 of the General Administration of Customs, the party dissenting to the decision made by the Customs may apply for administrative review or bring a suit before a people's court. In accordance with Article 6, the review had the right to change or annul specific pre-determination of origin made by the Customs. The application of administrative or judicial review was based on Administrative Review Law of the People's Republic of China, Provisions for the Implementation of Administrative Review Law of the Customs of the People's Republic of China, and Administrative Procedure Law of the People's Republic of China. She further explained "punishment rule for false declaring of origin". Actions such as false declaring of country or faking certificate of origin were dealt with by Customs according to relevant stipulations of Customs Law of the People's Republic of China and the Rules of Administrative Penalties for the Implementation of the Customs Law. As concerned "method of calculating value-added criterion mentioned in Article 3, Subparagraph 2, of Provisional Regulations Concerning the Rules of Origin of the Customs General Administration", the method applied was that the value-added component was more than 30 per cent in the total value of a new product, the calculation of which was that the CIF value of non-original component was 70 per cent or less in FOB value of the product after being processed. As concerned "confidentiality of information for origin pre-determination", in accordance with Article 9 of Announcement No.17, 2001 of the General Administration of Customs, the Customs would not disclose the information for origin pre-determination without the specific permission of the person concerned, except to the extent that it may be required to be disclosed in the context of judicial proceedings. As concerned " non-preferential rules of origin for exports", China's existing non-preferential rules of origin for exports were promulgated on 8 March 1992 and came into effect on May 1, 1992. The rules were applied in issuing Chinese certificate of origin for non-preferential exports upon request of consignee of the export and had no binding on importing side. There was no origin declaration requirement by Customs for exports.

3.4 The third point concerned the adoption of harmonized non-preferential rules of origin. She stated that the WTO harmonization of non-preferential rules of origin, in technical terms, had been concluded to date. However, 94 unresolved core policy issues had been submitted to the General Council for political consideration. China pledged to fulfil its commitment in its Protocol of Accession to the WTO that the harmonized non-preferential rules of origin would be adopted and applied fully in China as soon as the harmonized work on rules of origin came to a close.

3.5 The Chairman drew attention to document G/RO/W/99/Rev.1 containing questions from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.

3.6 The representative of Chinese Taipei had noted China's considerable effort over the last year to meet its accession commitments in the area of rules of origin and appreciated very much the informative presentation made by the Chinese delegation at this meeting. He believed that the smooth and faithful implementation of China's Protocol of Accession was in the best interests of all Members. However Chinese Taipei would be equally appreciative if the statement made by China could be circulated to all Member. He stated that Chinese Taipei had no further questions.

3.7 The CRO took note of the statements made, and agreed that the Secretariat prepare a short factual report under the Chairman's responsibility, together with the minutes of the meeting for further detail, to be sent to the Council for Trade in Goods.
