

**TRANSITIONAL REVIEW UNDER ARTICLE 18 OF THE PROTOCOL
OF ACCESSION OF THE PEOPLE'S REPUBLIC OF CHINA
INFORMATION REQUIRED IN ANNEX 1A**

PEOPLE'S REPUBLIC OF CHINA

The following communication, dated 24 October 2003, has been received from the Permanent Mission of China.

II. ECONOMIC POLICIES

4. Pricing Policies

(a) Application of existing or any other price controls and the reason for their use

(1) The practice of multiple pricing for one product or service has been completely terminated. (2) Currently, products and services subject to price control are strictly limited to the products listed in Annex 4 of the Protocol on Accession of China. The list of products and services subject to state pricing has been published in the Price Gazette of the People's Republic of China. All the price-setting mechanism and the pricing policies concerning products and services under state pricing and government guidance pricing have been published in time through the Price Gazette of the People's Republic of China as well as the web site of the National Development and Reform Commission (www.ndrc.gov.cn). (3) The scope of products and services subject to state pricing and government guidance pricing strictly conforms to the Annex 4 of the Protocol. State pricing and government guidance pricing only apply to products and services, regardless of the ownership of the enterprises. (4) The public hearing procedures, the expert appraisal and collective review system have been introduced into the process of price setting and adjusting mechanism, and therefore strengthen the scientific basic and enhance transparency of decision-making process on pricing. The adoption of state pricing and the government guidance pricing will not limit or impair the market access of imported goods and services. (5) The relevant policies on the pricing administration are based on the Pricing Law of the People's Republic of China.

(b) Pricing mechanism of China's state trading enterprises for export products

The prices of the products exported by the state trading enterprises are independently determined by the enterprises themselves, based on the situation of demand vs. supply. The price includes the cost of production, processing and/or procurement as well as distribution (i.e. cost of storage, transportation, interest rate and inspection fees etc.).
