

WORLD TRADE ORGANIZATION

G/SCM/Q2/CHN/6
27 October 2003

(03-5699)

Committee on Subsidies and Countervailing Measures

Original: English

SUBSIDIES

Questions Posed by the UNITED STATES to the PEOPLE'S REPUBLIC OF CHINA

The following communication, dated 27 October 2003, has been received from the Permanent Mission of the United States.

Questions by the United States with regard to China's Transitional Review Mechanism on Subsidies and Countervailing Measures

1. At the meeting of the Committee on Subsidies and Countervailing Measures of 31 October-1 November 2002, China stated that it was collecting information for its subsidy notification, and that when the information was complete and accurate and sufficient to notify to the WTO, China would submit its notification (G/SCM/49). When does China plan to submit its subsidy notification as required by Article 25.1 of the ASCM? Is China actively working to collect the information to be submitted?
2. Please describe the problems that are preventing China from making its notification under Article 25.1 of the Agreement.
3. What type of information is the Government of China relying upon to assemble its notification? Is any of this information in the public domain? If so, please provide details.
4. The following questions relate to certain subsidy programmes that China has not notified to the WTO under the normal notification requirement (ASCM Article 25.1), or for which it has not updated its notification in the Accession Protocol. We reserve the right to ask further questions regarding these and any other programmes not notified, at a future date.
 - (a) Reports indicate that subsidies are available in the textile industry for manufacture with raw materials, financing of mill establishments and purchase of raw materials. Could China please provide details on such programmes in accordance with the required subsidy notification format, including the type of subsidy, timeline of the programme and recipients? Could China also please explain what role the China National Textile Industry Council plays to support subsidy programmes for the textile industry?
 - (b) It is our understanding that a VAT rebate is granted for imports of scrap copper. Could China please provide information on this programme in accordance with the required subsidy notification format, including the recipients of the rebate, the

./.

amount of the rebate and how the administering authorities ensure that rebates granted are not in excess of rebates paid?

5. According to Annex 5B of its Protocol of Accession, China undertook to eliminate “subsidies provided to certain state-owned enterprises which are running at a loss” in 2000. The representative of China told this Committee last year that the programme had been eliminated in 2001. However, according to recent Chinese press reports, the government is currently working to eliminate this programme. What is the status of these programmes? If they have been eliminated, what decrees or government documents ended them? If not, when will they be eliminated?

6. In its Protocol of Accession, China agreed that it would not use price controls to restrict the level of imports of goods or services. In addition, in Annex 4 to its Protocol of Accession, China listed the limited number of products and services remaining subject to price control or government guidance pricing, and it provided detailed information on the procedures used for establishing prices. China further agreed that it would try to reduce the number of products and services listed in Annex 4 and that it would not add any products or services to the list, except in extraordinary circumstances.

- (a) Has China reduced the number of products or services listed in Annex 4? If so, please identify the relevant products or services.
- (b) Has China added any products or services to the Annex 4 list? If so, please identify the relevant products or services, and explain the extraordinary circumstances supporting each added product or service.
