

**TRANSITIONAL REVIEW MECHANISM PURSUANT TO  
SECTION 18 OF THE PROTOCOL ON THE ACCESSION  
OF THE PEOPLE'S REPUBLIC OF CHINA ("CHINA")**

Information Required in Annex 1A

The following communication, dated 8 November 2005, has been received from the delegation of the People's Republic of China.

**II. ECONOMIC POLICIES**

**2.1 Non-Discrimination**

- (a) **the repeal and cessation of all WTO inconsistent laws, regulations and other measures on national treatment.**

During the 4 years after accession, China has been engaged in enacting, amending and abolishing trade-related laws, regulations and administrative measures, most of which are now in consistency with WTO national treatment, including those discussed in China's accession negotiations. The national treatment principle is now well observed in the legislation of China relating to trade

- (b) **the repeal or modification to provide full GATT national treatment in respect of laws, regulations and other measures applying to internal sale, offering for sale, purchase, transportation, distribution or use of: after sale service, pharmaceutical products, cigarettes, spirits, chemicals and boiler and pressure vessels (for pharmaceutical products, chemicals and spirits there is a reservation of the right to use a transitional period of one year from the date of accession in order to amend or repeal relevant legislation)**

The repeal or modification in respect of the administrative measures relating to after sale service, pharmaceutical products, cigarettes, chemicals, boiler and pressure vessels products, in which full WTO national treatment was embodied, were submitted to Council for Trade in Goods in the Annex 1A information of the past two years. No changes were made in 2005.

#### **IV. POLICIES AFFECTING TRADE IN GOODS**

##### **4.5 Export Restrictions**

- (a) any restrictions on exports through non-automatic licensing or other means justified by specific product under the WTO Agreement or the Protocol.**

China maintains export administration of a small number of products for the purposes of protecting public interest, avoiding shortage in domestic supply, conserving the exhaustible natural resources, or undertaking obligations under international treaties or intergovernmental agreements. This is in conformity to Article XX of GATT1994.

In 2005, commodities subject to export administration include: live cattle (to Hong Kong, China and Macau, China), live swine (to Hong Kong, China and Macau, China), fowls (to Hong Kong, China and Macau, China), beef, pork, chicken meat, tea, wheat, maize, rice, cotton, liquorice and its products, Chinese iris and its products, bauxite, light (dead) burned magnesium, talc lump (powder), fluorspar lump (powder), rare earth, coal, coke, crude oil, processed oil, paraffin wax, tungsten and its products, silicon carbide, sawn timber, silver, platinum (through processing trade only), zinc and zinc alloy, tin and tin alloy, antimony and antimony products, motorcycle and motorcycle engine, electric fan, bicycle, computers, substances depleting ozonosphere, chemicals under supervision and control, chemicals used for narcotics production. Many of the products listed above obtain export licensing automatically. Besides, China also maintains export prohibition on the following products: horn-cores and tiger bones, bezoars, musk, certain chemicals used for narcotics production, certain substances depleting ozonosphere, wood, wood charcoal, and platinum. China will in a couple of days time submit to WTO a full notification of quantitative restrictions of the year 2005, which will reflect detailed information on these export administrative measures, including quota volume (if applicable).

##### **4.9 State Trading Entities**

- (a) progressive abolishment of state trading in respect of silk measures, increasing and extending trading rights, granting the right to trade to all individuals no later than 1 January 2005**

Introductions on progressive abolishment of state trading in respect of silk measures, increasing and extending trading rights were submitted to Council for Trade in Goods in the Annex 1A information of the past two years. No changes were made in 2005.

- (b) access to supplies of raw materials in the textiles sector at conditions no less favorable than for domestic users, and not adversely affected access to supplies of raw materials as enjoyed under existing arrangements**

Access to supplies of raw materials in the textiles sector for foreign users remains at the same conditions as for domestic users, and have not been adversely affected in this area.

- (c) progressive increases in access by non state trading entities to trade in fertilizer and oil and the filling of quantities available for import by non state trading entities**

After WTO accession, China implemented a registration system for non-state trading enterprises for importation of crude oil, processed oil and chemical fertilizers for the purpose of expanding the market access for non-state trading enterprises of these products. On 1 August 2002, the former Ministry of Foreign Trade and Economic Cooperation (MOFTEC) in its Announcement No. 19 of 2002 published the conditions, materials needed and procedures for application for the qualification registration of non-state trading enterprises for importation of crude oil, processed oil

and chemical fertilizers. After that, in its Announcement No. 50 and No. 51 of 2002, MOFTEC published 2 batches of lists of non-state trading enterprise registered for importation of crude oil, processed oil and chemical fertilizers. On 13 August 2004, 16 and 17 March 2005, in its Announcement No. 46 of 2004, No. 12 and No. 13 of 2005, MOFCOM published the 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> batch of the list of non-state trading enterprises registered for importation of crude oil and processed oil. On 26 August 2004, MOFCOM further issued Announcement No. 52 of 2004, publishing another 5 non-state trading enterprises for importation of chemical fertilizers. Compared with the situation at the time of China's accession, the number of non-state trading enterprises for importation of crude oil, processed oil and chemical fertilizers has increased substantially.

According to the former State Economic and Trade Commission (SETC) Announcement No.50 and No.51 of 2002, the volume permitted for importation of crude oil in 2003 by non-state trading enterprise was 9,520,000 tons, and the volume permitted for importation of processed oil in 2003 by non-state trading enterprise was 5,300,000 tons. According to SETC Announcement No.73 of 2002, the 2003 TRQ volume for importation of chemical fertilizers by non-state trading enterprise were as follows: urea 180,000 tons, DAP 1,190,000 tons and NPK 600,000 tons.

According to MOFCOM Announcement No.38 and No.39 of 2003, the volume permitted for importation of crude oil in 2004 by non-state trading enterprise was 10,950,000 tons, and the volume permitted for importation of processed oil in 2004 by non-state trading enterprise was 6,100,000 tons. According to MOFCOM Announcement No.55 of 2003, the 2004 TRQ volume for importation of chemical fertilizers by non-state trading enterprise were as follows: urea 230,000 tons, DAP 1,560,000 tons and NPK 780,000 tons.

According to MOFCOM Announcement No.58 of 2004, the volume permitted for importation of crude oil in 2005 by non-state trading enterprise is 12,600,000 tons, and the volume permitted for importation of processed oil in 2005 by non-state trading enterprise is 7,000,000 tons. According to MOFCOM Announcement No.62 of 2004, the 2005 TRQ volume for importation of chemical fertilizers by non-state trading enterprise are as follows: urea 280,000 tons, DAP 1,970,000 tons and NPK 990,000 tons.

According to MOFCOM Announcement No.62 of 2005, the volume permitted for importation of crude oil in 2006 by non-state trading enterprise is 14,500,000 tons, and the volume permitted for importation of processed oil in 2006 by non-state trading enterprise is 8,050,000 tons. According to MOFCOM Announcement No.67 of 2005, the 2006 TRQ volume for importation of chemical fertilizers by non-state trading enterprise are as follows: urea 330,000 tons, DAP 2,410,000 tons and NPK 1,210,000 tons. Therefore the volume available for importation of these products by non-state trading enterprises has been on constant increase.

From 2003 to 2005, the volume permitted for importation of crude oil, processed oil and chemical fertilizers by non-state trading enterprises were fully allocated. However, as holders of the volume permitted for importation by non-state trading enterprises may also consign state trading enterprises to import, it is technically not feasible at this stage for the Customs authorities to have statistics of the imports of the non-state trading enterprises and therefore the import performance by non-state trading enterprises is difficult to be confirmed with Customs statistics.

#### **4.10 Government Procurement**

##### **(a) Laws, regulations and procedures**

*Law of the People's Republic of China on Government Procurement* took effect on 1 January 2003, and the drafting of implementing regulations of the law is under way.

**(b) Procurement in a transparent manner and application**

To ensure the transparency in government procurement, the competent authorities of the Chinese Government has taken a series of measures as follows:

1. The scope of information on government procurement to be published is expanded. At present, information on laws, regulations and administrative measures relating to government procurement, procurement opportunities, results of the contract award and advance examination on qualification of suppliers etc. should be published in *the government procurement website of China* ([www.ccp.gov.cn](http://www.ccp.gov.cn)), *China Financial and Economic News* and *China Government Procurement* magazine, which are designated by the Chinese government.
  2. All the procurement projects open to foreign suppliers are required to be implemented through tendering to provide foreign suppliers with equal opportunities.
  3. In the process of drafting regulations and administrative measures, public opinions and comments on the drafts are required to be solicited.
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