

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

1. The Committee on Rules of Origin (CRO), at its meeting on 23 September 2005, 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. Questions on China's rules of origin from the United States and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu have been circulated in documents G/RO/W/102 and G/RO/W/105, respectively. The statements made at the meeting of 23 September 2005 are to be reflected in the minutes of the meeting (G/RO/M/47), paragraphs 3.1-3.6. 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/W/102 and G/RO/W/105)**

3.1 The Chairperson 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 Chairperson drew attention to two documents, G/RO/W/102 and 105, containing questions from the United States and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, respectively.

3.2 The representative of China gave a brief introduction to China's implementation of the Agreement on Rules of Origin (the Agreement) this year and responded to the two written questions mentioned above. Firstly, as Members might have already been aware, China had introduced new rules of origin. *The Regulations of the People's Republic of China on the Origin of Import and Export Goods* became effective as of 1 January, 2005. The Regulations were promulgated on 3 September, 2004, well ahead of its implementation. With that information, China drew Members' attention to the fact that, in accordance with paragraph 2, Article 5 of the Agreement, Members have no obligation of notification with regard to their modified or new rules of origin. The procedures China applied to introduce those new rules of origin were in full conformity with the requirements of the Agreement. Secondly, the above-mentioned regulations, and their application, fully complied with the Agreement. The principles used in the new regulations to determine the origin of goods were basically the same as those notified to the Committee in document G/RO/53. She added that interested Members who had concerns, or who would like to have a better understanding of the Regulations, might refer to document G/RO/M/43 for a detailed explanation of the origin determination system.

3.3 The representative of the United States thanked the delegation of China for their explanation and for their willingness to engage in the transitional review process. He then commented on the point that the Chinese delegation had made about the provisions of the Agreement. It would appear that, in paragraph 102 of the Working Party Report associated with China's Protocol of Accession, there was a commitment with respect to notification of rules of origin. Given that commitment, he questioned whether China was in a position to notify these regulations to the Committee.

3.4 The representative of China stated that there appeared to be no specific provision in the Agreement or in China's Accession Protocol requiring China to make a notification. China noticed that their obligation in this regard was to publish or publicise the regulation and, in this regard, the regulation was already available on the websites of MOFCOM and the Customs Administration. If any Member was interested he could also provide relevant copies of these documents.

3.5 The representative of Chinese Taipei expressed its appreciation for the answers given by the delegation of China in response to questions from Members. He was pleased to learn from the replies that some of the questions related to the requirements of anti-circumvention and substantial transformation had also been addressed. He would look into the detail of those documents mentioned by the delegation of China and looked forward to seeing China's continuing efforts to carry out further liberalization and facilitation of trade in goods and the resulting increase in market access which this would bring about.

3.6 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.

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