

WORLD TRADE ORGANIZATION

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Council for Trade in Goods

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

Information Required in Annex 1A

The following communication, dated 16 November 2006, is being circulated at the request of 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 5 years after accession, China has been engaged in enacting, amending and abolishing trade-related laws, regulations and administrative measures, 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 and spirits, 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 2006.

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, conserving the exhaustible natural resources, or undertaking obligations under international treaties. This is in conformity to Article XX of GATT1994.

In 2005, commodities subject to export administration include: live cattle, live swine, fowls, beef, pork, chicken meat, 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 an updating notification of quantitative restrictions of the year 2006, 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 2006.

- (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 textile 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 21 December 2005, MOFCOM further issued Announcement No. 98 of 2005, publishing the 6th batch of non-state trading enterprises for importation of crude oil and processed oil. 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.

From 2003 to 2006, the volume permitted for importation of crude oil non-state trading enterprise was respectively 9,520,000 tons, 10,950,000 tons, 12,600,000 tons and 14,500,000 tons. The volume permitted for importation of processed oil non-state trading enterprise was respectively 5,300,000 tons, 6,100,000 tons, 7,000,000 tons and 8,050,000 tons. TRQ volume for importation of chemical fertilizers by non-state trading enterprise was respectively, 180,000 tons, 230,000 tons, 280,000 tons and 330,000 tons for urea, 1,190,000 tons, 1,560,000 tons, 1,970,000 tons and 2,410,000 tons for DAP while 600,000 tons, 780,000 tons, 990,000 tons and 121,000 tons for NPK.

According to MOFCOM Announcement No.78 of 2006, the volume permitted for importation of crude oil in 2007 by non-state trading enterprise is 16,680,000 tons. The volume available for importation of these products by non-state trading enterprises has been on a constant increase. 2006 symbolizes the end of increase in TRQ quantity for chemical fertilizer import by non state-trading enterprises. Therefore, quantity of TRQ for chemical fertilizer import by non state-trading enterprises in 2006 and 2007 is the same.

From 2003 to 2006, 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

Regarding government procurement, *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. There have been no other changes in 2006.

(b) Procurement in a transparent manner and application

To ensure the transparency in government procurement, the competent authorities of the Chinese Government has taken 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.ccpq.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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